Daily Report

Latin America

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Cuba

Commentary Sees No Change in U.S. Position

PA0108182491 Havana Radio Havana Cuba in Spanish 0000 GMT 1 Aug 91

[Commentary by Roberto Morejon]

[Text] Top ranking U.S. officials, including President George Bush, Secretary of State James Baker, and Assistant Secretary of State Bernard Aronson, have lately denied that their country has any plans of aggression against Cuba. At first glance, it would seem senseless for Cuban authorities to keep in force the complex mechanisms of defense developed throughout 3 decades of U.S. harassment and aggression. A deeper analysis of the stormy relations between Washington and Havana in over 30 years explains, however, why Cuba is proceeding with its defense preparations, despite the demagogic statements by Bush, Baker, Aronson, and other officials.

Seven U.S. Administrations, Democrat and Republican alike, have sabotaged, blocked, and tried to topple the revolutionary process that emerged from the triumphant rebellion in 1959. When Cuba slipped out of the political and economic control of the White House, U.S. Government organizations and intelligence offices employed just about every method to abruptly alter that reality. They resorted to attacks on leaders, sabotage, diplomatic pressure, an economic blockade, and ideological warfare.

The United States illegally maintains control of the Guantanamo Naval Base, with thousands of cannons aiming at Cuba. It conducts large-scale military maneuvers in the Caribbean, practices air strikes against Cuba, encourages illegal departures from the country, and broadcasts subversive ideological messages on radio and television every day. These actions, plus memory of the failed Bay of Pigs invasion in 1961, constitute examples of a plan of aggression that is plain to see for any average mind.

Aware of this permanent danger, Cubans have developed a defense mechanism lest they be caught unprepared. The possibility of a U.S. intervention in Cuba remains unchanged following the U.S. armed incursion in the Persian Gulf, from which Cubans have read the appropriate signs. The country's leadership, as well as all Cubans, are the first not to be deceived, even though Bush may deny his plans of aggression against this island in Washington and in Moscow.

Country's Efforts To Host Games Praised

PA0108190791 Havana Radio Havana Cuba in Spanish 1400 GMT 1 Aug 91

[Report by Amalia Sanmartino]

[Text] For the past two months, Cuban television has been doing a countdown that should end within the next few hours when—as the country calls it—the great continental sports festival, the 11th Pan-American Games, begin.

Even skeptics are now convinced that the games are for real, not only because of the games themselves, but also because it is a demonstration that Cuba lives and resists. The international media, the members of which will cover the event, are already talking about this.

Ever since Cuba began preparing for the games, many skeptics argued that following the political transformations in East Europe and the unstable situation in the USSR, Cuba has been cast adrift. As host country, the entire nation has taken to carrying out the sporting event by its own efforts. The country's determination can be seen in the 55 buildings and 1,473 apartments and other projects that are part of the Pan-American Village, as well as the 67 sports installations, 21 of which are new and 46 of which have been remodeled.

We must say that the philosophy of self-reliance has overcome limitations that have resulted from the persistent U.S. blockade, which many people tend to forget when talking about Cuba.

By our own talent and strength, two young engineers have been able to install two remote-controlled trucks to cover the event in which a high percentage of component parts were made in this country.

In addition, Cuban hands built electronic scoreboards, equipment for electronically posting notices, furniture, and part of the lighting equipment. All of this was done during a time of economic ("isolation") and amid programs that cannot be postponed, such as the food program, which is intended to cut foreign imports and guarantee the basic basket of staple items for 10 million Cubans, as well as for tourists, an important source of foreign exchange for the island.

As feelings of integration still fill the air, following the recent Ibero-American summit held in Guadalajara, Mexico, Cuba will host the 11th Pan-American Games, a joyous way to initiate unity.

Workers Begin Closing Cienfuegos Reactor Dome

FL0108144091 Havana Tele Rebelde Network in Spanish 1104 GMT 1 Aug 91

[Text] The complete closure of the dome of the first reactor in the electronuclear center in Juragua, Cienfuegos, began with the pouring of 450 cubic meters of concrete. The first step in a series of complex steps was directed by the Lenin contingent of Nuclear Facility and Electrical Energy Workers, all part of Industrial Construction Company Number Six.

According to experts, the task was successful because of the degree of organization, the good condition of the equipment, the methods used, and the correct preparation of the material. In the next few days, specialized teams will assemble the central ventilation system, which will provide the ideal climate for the men who will be installing the essential reactor equipment.

Oil Pumping Tests To Begin Around 10 Aug

PA0108143891 Havana Radio Havana Cuba in Spanish 0031 GMT 1 Aug 91

[Text] A Soviet supertanker with 150,000 tons of crude oil has docked at the port of the Cuban province of Matanzas. With this oil, the pumping tests of the La Amistad oil pipeline will begin approximately around 10 August.

According to experts, 40,000 cubic meters of crude oil will be required to fill the pipeline's length of 187.5 km.

Three Communications Facilities Begin Operations

FL0208015591 Havana Radio Rebelde Network in Spanish 2300 GMT 1 Aug 91

[Text] This afternoon, Cuban Communication Minister Manuel Castillo Rebasa in the company of Division General Ulises Rosales, chief of the General Staff of the Revolutionary Armed Forces, toured three communication facilities that are being tested to serve the Pan-American games. These three facilities are extremely important to Cuban communications.

The Standard-A land station will provide 512 new telephone lines for international communications and two new television channels. Therefore, our country now will be able to simultaneously transmit through five channels. Also starting its trial period is an international telephone center with a capacity for 4,500 lines and 510 international links to contact many different countries across the world. There is also an international telegraph center with a capacity for 4,748 circuits; 2,048 of these circuits will be for domestic use.

The inauguration of these international communication services coincides with the Pan-American games and will remain to serve our people. The Communications Ministry is testing a truly immense technological advance during these games. The minister of communications during his tour of the Jaruco Standard-A facility commented the following:

[Begin Castillo recording] These international objectives that are being tested have been put together to ensure communications during the 11th Pan-American games. Right now, a large number of press centers, stadium links, etc., have been installed. These centers are already conducting operations through these international communication facilities that we are visiting today.

I can tell our people and guests that the communication system that has been built in the country is technically well installed and we are sure that it is going to guarantee transmission of the Pan-American games. [end recording]

* Hard Times Require Discipline in Waiting Lines

91CA0185A Havana BOHEMIA in Spanish No 83, 7 Jun 91 p 29

[Commentary by Alberto Pozo]

[Text] Let us see the situation as it is: It is true that there are shortages and difficulties that will undoubtedly get worse, but this is but a passing squeeze. What counts is knowing how to cope.

I am fond of the method of observing minor details in order to get a grasp of reality because the major details are always under study. If you ever want to know how clean a given place is kept, just leave a garbage can in a corner. Then see whether it disappears or not and you will have your answer.

This is the "philosophy" I apply when I find myself in the waiting line on Route 7 at La Fraternidad park. Whenever the bus is the least little bit late, some people always come running from the line to jump into the line of those waiting seated so they can get on also.

Two things can be deduced from this type of behavior: First, the bus will be filled by the line of those seated and, consequently, those standing wonder how the bus could have driven past them. Second, despite this frustration, there is a disciplined, well-behaved group that does conduct itself in a civilized manner and keeps its place in line.

Among the former, the line-jumpers, the undisciplined ones, there may be some with revolutionary merits and praiseworthy human qualities, but without realizing it, they begin to fall on the human scale because their social behavior at that precise time denotes a vein of egotism which, if left to the guidance of such harmful sentiments, could lead to worse conduct in more difficult situations.

This is similar to the case of an individual capable of stealing a dollar, an apparently insignificant sum, but who has begun the downward trip on the ladder that could end in jail and the condemnation of society.

Furthermore, what I am saying about those who jump the line while waiting for a bus may be applied to those willing to do anything to find a good spot while waiting for bread or any other article being sold. It is the same situation that prevails in the workers' cafeteria, even in the almost naive practice of reserving a place in line for someone else, thereby actually violating the rights of others.

I repeat that I pay attention to these tiny details because it is better to emphasize such actions, which at first sight may seem exaggerated or absurd on my part, because it is one way of calling attention to them and preventing worse conduct in more difficult situations.

Rectifying such failings, concerning which I accept the possibility that no one has thought of their importance, is much better than far weaker actions later—while descending the ladder—as in the case of liquor when one gradually starts to drink, imperceptibly at first, until one eventually loses control.

What is encouraging about such cases is that there is always a large group that staunchly remains in the bread line without resorting to tricks, that waits for its turn in the cafeteria. This is real proof that the seed of discipline,

education, a collective attitude, and civic action takes root and grows hardily in most people.

This little detail about waiting in line serves to point up the need for practicing group-oriented rather than selfish conduct. After all, this is the way to face difficulties now and in the future if we want to overcome and leave behind once and for all the special period, so as to marshal our forces and leap the barrier.

However, in order to overcome the special period, not only must we fight such manifestations of a lack of discipline, not only must we maintain a clear view of the situation and what generated it—as explained at length by Fidel and the mass media—but, recalling Che, we must polish with the soul of the craftsman our ethical conduct and adhere to our social principles, now also looking to Marti, our backs to the wind. If we manage to overcome these small weaknesses, we shall never know major frustrations.

* Reactions to Special Period Hardships Discussed

91CA0186A Havana JUVENTUD REBELDE in Spanish 9 Jun 91 p 4

[Commentary by Soledad Cruz]

[Text] June entered the island hot and rainy from different quarters. The anti-Cuba campaign got heavier in the spring. Bush persists in blackmailing us in the name of his hegemonic crusade, while his spokesmen proclaim with grotesque frankness the political and moral price they intend to impose on the USSR for credits of dubious efficacy. On the Human Rights Commission, the United States barely managed once again to impose its pressure, while maneuvering to prevent that forum from condemning the intensified blockade against Cuba in violation of the most basic principles of survival of an entire people.

To encircle the island and strangle it is the aim of the traditional enemies, stimulated by the setbacks and weaknesses of our friends of yore. In every facet of daily life, one palpates the effects of the combination of these two factors. However, if we continue to be subjected to the sudden attacks of our traditional enemies, even greater harm is caused in this situation by the sudden interruption of economic relations forged over a period of 30 years and the failure so far to keep commitments to supply industrial products, the main reason for the current shortages.

Nor is there any dearth of rumors, some of them frankly irrational, which need no fuel to get started and set off uneasiness. News of every new difficulty or the possible solution of a given problem is not always provided with the necessary speed and, unfortunately, proposals that could signify an alternative based on making the most of the creative capacity of the people, such as Option Zero, have been interpreted as an announcement of Armageddon rather than a real possibility of resisting which we have promoted for 10 years as part of preparations for the War of All the People.

In the midst of what is truly a complex situation, the eternal counterrevolutionaries begin to feel encouraged and those weak of leg and heart begin to preach a lack of confidence, uncertainty, and pessimism. In the meantime, others, apparently committed to our revolution until only yesterday, betray it and pay for their stay in the United States with slander, or betray themselves by thinking that we will surrender or give in. Or, like the old annexationists, they look to the north for solutions.

There is no lack of those who try to take advantage of the existing situation by trafficking in the needs of the people. They turn into criminals who steal resources the government has earmarked for the people, selling on the black market the bread that was not to be had in a given place or the cigarettes that disappear as soon as they arrive, adulterate milk earmarked for children, hospitals, and diets, undermining continuous efforts made by the country's top leaders so that the people will suffer as little as possible from the effects of a crisis for which we are not to blame.

There cannot be the slightest doubt that this is today's counterrevolution and that as such, we must meet it on an individual basis: in the barrios, at the warehouses or the bus stops, because they all try in one way or another to undermine the strength and any real possibility of weathering the storm which even Bush and his cohorts inwardly admit.

This certainty is what makes them so furious, what leads them to step up the blockade and increase pressure on the USSR, demanding that it cease all cooperation with Cuba. If the enemy values our capacity for resistance and for moving forward so highly, it is the, a crime to enable criminals and corrupt and weak individuals to have an effect on our common project, just as it is a crime to tolerate negligence, ineffectiveness, the poor operation of that which could function well, and those who hide behind the special period to justify the lack of management, comfort, or laziness they exhibited long before the current circumstances.

It is not a matter of proclamations or mottos, but rather, of more objective reasons. We can survive, emerge from the slump, and start to build up steam once again. We need only time to improve our productivity, harvest the creativity that flourishes in the heat of adversity and the circumstances, get our products back on the world market, and work, with intelligence and energy.

However, to do so we cannot give even a ghost of a chance to those who try to divide and weaken us and destroy our confidence in ourselves. We cannot give up the only alternative that will enable us to move ahead, that of the option available to everyone: the option of optimism. Pessimism is a corruption of the soul that weakens us and only helps those who wish to destroy us.

June and the beginning of summer offer other events. It is the month in which Maceo and Che were born, the day to honor young workers. We are asked to adopt a hard-working attitude. Young people are calling for the joy of fighting for the right to the joy of living, by far the best option.

Bahamas

Cuba Probes Oversight in Pindling Case

FL0108170491 Bridgetown CANA in English 1541 GMT 1 Aug 91

[Text] Nassau, Bahamas, Aug 1, CANA—The Cuban Government has launched an investigation into the refusal by authorities to allow Bahamian Prime Minister Sir Lynden Pindling's aircraft to use Cuban airspace. Sir Lynden's King Air-200 aircraft needed to use Cuban airspace last week Wednesday to get to Jamaica to meet African National Congress leader Nelson Mandela.

Sir Lynden's spokesman, Randy Daniels, said that the Cuban Government has launched an investigation into the matter. Daniels said that Cuban authorities had given permission for Sir Lynden's plane to overfly Cuba several days in advance.

However, when Sir Lynden and his party neared Cuba, the air traffic controller would not give permission for the aircraft to enter Cuban air space. Sir Lynden's pilots were forced to fly between Cuba and Haiti to get to Jamaica, doubling the flight time.

"There appears to have been a diplomatic mistake on the Cuban side and the Cuban Government is looking into it. It was a simple mistake on their part," he said. The incident is not likely to have any serious diplomatic repercussions, he said. The Bahamas has diplomatic ties with Cuba. A Cuban ambassador was appointed to the Bahamas in 1986.

Barbados

IMF Recommends Cut in Public Wage Bill

FL0108130491 Bridgetown CANA in English 1212 GMT 1 Aug 91

[Text] Bridgetown, Barbados, Aug 1, CANA—The International Monetary Fund (IMF) has recommended that Barbados cut its "too high" public sector wage bill by 40 million dollars (one Bds dollar = 50 cents U.S.) for the remainder of the year, the Government Information Service [GIS] reported. The GIS was reporting on two meetings Prime Minister Erskine Sandiford held Wednesday with various economic interest groups to brief them on the crisis facing the economy.

The government is grappling with a scarcity of foreign exchange resulting from weak export performance and growing demand for imports, which has triggered a deterioration in the balance of payments. In addition, there is worry over a fiscal deficit.

"Since a substantial part of public expenditure is made up of salaries and wages, a reduction in the wages bill, together with other fiscal and monetary measures, would dampen aggregate demand, most of which fell into the area of imports," the GIS statement said. On the monetary side, higher interest rates went into effect Thursday. In announcing the interest rate hikes Wednesday, the Central Bank said Sandiford would be announcing complementary fiscal measures shortly.

Organisations Sandiford met Wednesday included the Barbados Workers Union (BWU), the National Union of Public Workers (NUPW), the two teachers unions, the police union, the Barbados Manufacturers Association, the Barbados Chamber of Industry and Commerce, the Barbados Agricultural Society, and the Barbados Hotel Association. The GIS said the meetings were characterised by "frank and straight-to-the-point presentations." Sandiford was reported as telling the various organisations that the situation warranted "a national response by each individual, each household, as well as by private businesses and government."

Noting the present problem had been building up for more than a decade, Sandiford said: "It is a situation that has now become acute." He said government, in seeking to correct the situation, would place emphasis on curbing foreign exhange outflows, reducing demand for imports, and stimulating the productive sectors of the economy. He repeated that devaluation of the Barbados dollar was not a policy measure being pursued by the government.

Dominica

Committee Wants Closer Ties With Haiti

FL0208123391 Bridgetown CANA in English 1151 GMT 2 Aug 91

[Text] Roseau, Dominica, Aug 2, CANA—A group of Dominicans is pressing for closer ties with Haiti. Spearheading the Haitian initiative is Dominican Catholic priest Father Franklyn Cuffy, who made a month-long visit to Haiti recently.

A steering committee has been set up to work towards the formation of a Dominica/Haiti friendship association. Its priorities include "organising cultural exchanges between the two countries, establishing trade links with Haiti, and organising activities which can help deepen public understanding of the Haitian situation, as well as the history and culture of the Haitian people."

Dominican Republic

Bomb Thrown at San Cristobal Police Station

FL0108193691 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Aug 91

[Text] Last night a powerful bomb was thrown at the police station in San Cristobal causing damages but no injuries. The bomb was thrown by two individuals who rode by the station on their motorcycle around 2200 during a power shortage. The shortage was caused by the same individuals who threw the bomb. After the terrorist attempt Rafael Tomas Nunez, commander of the police station, lead a roundup in which more than 30 people were arrested for questioning. This was the third bomb thrown this week.

The terrorists also threw bombs at the house of San Cristobal Governor Maria Fecho Guerrero and at the Mormon church in the center of San Cristobal.

Haitian Workers in Country Benefits Haiti

FL0108173591 Santo Domingo Cadena de Noticias Network in Spanish 0930 GMT 1 Aug 91

[Text] Foreign Relations Secretary Joaquin Ricardo has stated that the Haitians living in the country are here because of the help that the Dominican Government has given to its neighboring country. Joaquin Ricardo also pointed out that Haitians were allowed to enter the Dominican Republic to protect the security of that nation. He stated that allowing Haitians in the country has benefited Haiti because it solves a problem for them.

[Begin Ricardo recording] We have allowed these people to stay in the Dominican Republic simply because Haiti needed some help with these people due to their security situation. They requested that the Dominican Republic let these people in. Our country, as an act of solidarity with its sister country, without appealing to the then-Haitian Government, allowed these people to enter our country to help them at a time when, as the then-Haitian Government put it, it was a problem of national security. [end recording]

Haiti

Aristide Visits Naval Base After Mutiny

FL0208110991 Port-au-Prince Radio Metropole in French 1600 GMT 1 Aug 91

[Excerpts] Yesterday, President Aristide and interim Army Commander in Chief Raoul Cedras visited the Haitian Navy following the mutiny that took place on Sunday night and into the early hours of Monday. The incident resulted in two wounded sailors and the detachment commander and several other officers being uprooted by the sailors. In their conversation with President Aristide, the sailors denounced the bad conditions at Amiral Kilick Base in Bisoton. They also censured the attitude of some officers toward them. [passage omitted]

During his visit to the naval installation, President Aristide asked that the rules be respected inside the institution. The president asserted, however, that the recruits must be able to lodge complaints in cases where their rights are violated. President Aristide also pointed out that the recruits' accusations against several officers will be investigated. The head of the state also seeks an efficient control on the managing of money allocated to the Army. [passage omitted]

At the end of the visit, President Aristide asked the recruits if they were ready to receive a visit by the uprooted officers and to salute them militarily. The request was approved by the sailors of the Haitian Navy.

Demonstration in Saint-Marc: 2 Dead, 1 Injured

FL0108212591 Port-au-Prince Radio Metropole in French 1600 GMT 31 Jul 91

[Excerpts] Twelve individuals have been arrested in Saint-Marc for committing uprooting acts during a 29 July demonstration in the fourth section of Saint-Marc. Our correspondent reports that more than 2,000 people took part in this demonstration. Monday, 29 July also marked the opening of the criminal court in Saint-Marc

[Begin unidentified correspondent recording] Two people died, one person was wounded, 24 houses were ransacked, and several animals were killed as a result of a demonstration held on 29 July, at around 1600, in the fourth section in Saint-Marc. Approximately 2,000 people marched through the streets in the fourth section in Saint-Marc in the zone Gadetboutol [as heard] in order to uproot criminals, thieves, and werewolves. The demonstrators who carried gasoline, machetes, and sticks succeeded in killing two people accused of being criminals. Another person was seriously wounded. Police from the Saint-Marc barracks intervened and arrested 12 young men who were participating in the demonstration. They are now in jail. Police intervention prevented the matter from becoming more serious. The demonstrators had already ransacked several houses and killed many animals.

Monday, 29 July marked the opening of the criminal assizes in Saint-Marc. [passage omitted] While Lafontant's trial was being held in the capital, organizations in Saint-Marc symbolically sentenced Lafontant. [Word indistinct] the lavalas [avalanche] sector in Saint-Marc sentenced Lafontant to 100 years in prison and 50 years to hard labor. [end recording]

Marc Bazin Asks for Lafontant Retrial

FL0108220791 Port-au-Prince Radio Metropole in French 1600 GMT 1 Aug 91

[Text] Marc Bazin, from the Movement for the Establishment of Democracy in Haiti thinks that the trial must be held again. According to Bazin, this trial was more a source of frustration than a source of satisfaction. He said: This is because we had the impression there was a real intent to cover the true culpability. In order to satisfy the impatience of the people, the trial must be held again so that we can delve deeply into the matter. If I were Aristide, I would have asked for the resignation of the minister of justice.

Lawyer Notes Technical Errors

FL0108215491 Port-au-Prince Radio Metropole in French 1600 GMT 1 Aug 91

[Excerpt] The newspaper HAITI-PROGRES claims the trial is the first victory for the Haitian people. Lawyer Osner Fevry, however, felt bitterness while watching the trial and listening to the sentence of the court. Roger Lafontant's former defense counsel noted that technical mistakes and several gross errors marked the course of the trial. According to the lawyer, the sentence must be overturned because it contradicts the 23 September, 1985 decree that does not provide for life in prison in the case of a plot against state security. Lawyer Fevry also stated that he was not asked to defend Roger Lafontant. He explained that he would have refused. For him the trial was political rather juridical. The trial questions the state of law and Haitian justice. [passage omitted]

Jamaica

Central Bank Reverses Foreign Exchange System

FL0208003291 Bridgetown CANA in English 2235 GMT 1 Aug 91

[Text] Kingston, Jamaica, Aug 1, CANA—The Jamaica Central Bank, reversing a four-month old decision, will from next Tuesday buy foreign currency from commercial banks here at the average rate of all banks, the official JAMPRESS news agency said.

"This move is designed to alleviate uncertainty among transactors and bring about more order to the foreign exchange market, currently marked by steady depreciation in the value of the Jamaican dollar," JAMPRESS said.

The Bank of Jamaica, at the insistence of multilateral financial institutions, last April began buying foreign exchange from commercial banks at rates reflecting the average of the various rates offered within the individual banks. Commercial banks have since scrapped the system of competitive bidding in the inter-bank exchange market, opting instead to fix a set of daily rates applicable to different volumes of sales and purchases.

Deputy Prime Minister and Minister of Finance P.J. Patterson said this week that since adopting the system of buying at the average of rates at individual banks there was "wide dispersion in exchange rates not only between different banks but also within the same bank." He told Parliament that the government believes the orderly development of the exchange market would be best served by a return to the previous system and that the decision had been taken largely because of the absence of inter-bank trading and to prevent wide differences in the rates offered in the market.

Costa Rica

President Says Cabinet Changes Possible

PA0208031291 San Jose Radio Reloj in Spanish 0100 GMT 2 Aug 91

[Text] Admitting that serious errors have been committed during the first 15 months of his administration, President Rafael Angel Calderon Fournier has said that he does not rule out changes in his cabinet. The president admitted that the economic measures he has been forced to adopt because of the country's situation strongly affect the country's lower and middle classes. Nevertheless, he believes that the strategic mistakes committed by some of the members of his cabinet cannot be repeated so changes must be made within a short time.

President Calderon Fournier said his administration will continue to implement the economic policies that have been approved by international financial organizations. The president said that the beneficial results for the majority of Costa Ricans will begin to be seen in the medium term, adding that the country is just now coming out of the hardest part of the sacrifice. Calderon Fournier said he is aware that the lower income groups have had to make the most sacrifices but that when the time comes to see the fruits of the sacrifice, they will be distributed in such a way that today's criticism will turn into praise for his government.

Reportage on Neihaus Quesada Visit to FRG

WA2907181691

For reportage on the visit by Foreign Minister Bernd Neihaus Quesada to Germany, including reports on his talks with German Foreign Minister Hans-Dietrich Genscher, French Foreign Minister Roland Dumas, and Luxembourg Foreign Minister Jacques Poos, see the International Affairs section of the 26 July West Europe DAILY REPORT and subsequent issues.

New Left-Wing United People's Party Forms

PA0108035791 Mexico City NOTIMEX in Spanish 2036 GMT 31 Jul 91

[Text] San Jose, 31 Jul (NOTIMEX)—Leaders of the United People's Party [Partido Pueblo Unido] said today that the party, which was formed on 30 July by leftist Costa Rican politicians, intends to group together progressive sectors with links to various leftist organizations.

Former members of the Popular Vanguard Party, the Costa Rican People's Party, the Costa Rican Socialist Party, and other political organizations, may join this party, United People's Party leaders said.

Party Leader Daniel Camacho spoke at the inaugural act and said that the party "will seek to be a struggle alternative to a large segment of the masses who do not find support from the country's traditional parties."

The United People's Party directorate is made up by President Rodrigo Gutierrez, Secretary Milton Lopez, and Treasurer Jacinto Ordonez.

The United People's Party will be legally registered at the Electoral Tribunal within six days, Daniel Camacho said.

El Salvador

Calderon Sol Comments on Talks With FMLN

PA0208013591 San Salvador Radio Cadena Horizonte in Spanish 1830 GMT 1 Aug 91

[Report by Mauricio Burgos. Passages within quotation marks recorded]

[Text] The president of the governing Nationalist Republican Alliance [Arena], Armando Calderon Sol, stated Thursday that no Arena leader will participate in meetings with the guerrillas. He said: We cannot meet and talk about peace while Guillermo Sol and Gregorio Zelaya are being held captive. In saying this, he made the Farabundo Marti National Liberation Front [FMLN] responsible for the kidnapping of two prominent Arena political leaders.

[Calderon Sol] "We have said that we are prepared to participate if we are going to talk about peace, about the reconciliation of the Salvadoran people, and about stopping this country's bleeding.

However, it is not by abusing and kidnapping our fellow party people, which is what the FMLN is doing, that the FMLN can demonstrate that it wants peace and harmony.

We are prepared to go but we are waiting to see what happens because we cannot go knowing that our fellow party people Sol and Zelaya are being held in inhuman conditions, to the detriment of their lives and their personal integrity. Our decision is an act of solidarity by the party, an act of brotherhood. It is also a rejection of what is happening to us.

We are being clear: Arena wants peace and it is prepared to talk peace any time and anywhere, but let us talk about peace."

The decision not to go to Mexico with the other political parties to participate in a meeting with the guerrillas during the first days of August will not affect the negotiations because Arena will learn what was discussed when the other parties return to El Salvador, Calderon Sol said.

[Calderon Sol] "They are going and they are not going to return empty-handed. They have to establish communication. Do you think that they will fix everything over there? I am sure that they are going and that they will return. Then we will be able to state our opinion."

With regard to the Salvadoran Anti-Communist Front's request to the security corps that it be allowed to function as a military body to safeguard the interests of

the nation, Calderon Sol rejected this proposal and described the front as a ghost organization that does not represent anyone.

[Calderon Sol] "That is completely out of order. These are extremist groups, as extremist as the FMLN and the urban commandos. These are people like some who existed in the past: anonymous, aberrant, and sick people, including some psychopaths, I would say. The security corps has fought them and will always fight them because we have to eradicate violence irregardless of who promotes it. We have been very clear about this. Both the government and the Armed Forces have a clear policy on this. I do not give too much importance to these groups. I think they are made up of anonyms.

I regret that this kind of situation exists at a moment when the democratic process is making progress and is being consolidated."

Calderon Sol said this during the official dedication of the August festival. The festival opened with the traditional parade that began at Divino Salvador del Mundo and ended in the downtown area.

Court Orders U.S. Priest Dennis Hand Released

PA3107180591 Paris AFP in Spanish 1625 GMT 31 Jul 91

[Text] San Szivador, 31 Jul (AFP)—Government sources have reported that a San Salvador court today ordered the release of the U.S. priest Dennis Michael Hand, who was arrested on 17 July under charges of "abduction" ["sustraccion" en perjuicio] of a minor.

Hand was arrested with two women in the parish of Monte San Juan, a small village 35 km east of San Salvador, under charges dealing with the "abduction" ["sustraccion del cuidado personal] of a minor.

The Catholic Church filed a protest with the judicial authorities because the priest was arrested by policemen in civilian clothes using a number of "irregular procedures."

The church, which said that the arrest of Father Hand was an "unfortunate" event, promised to give more details "at the right time" on the alleged irregularities hidden in the case.

Rebel Commentary on FMLN Political Aspirations

PA0108212391 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 1 Aug 91

[Station commentary: "We Are Prepared for the New Era"]

[Text] Just the mere announcement that the Farabundo Marti National Liberation Front [FMLN] is preparing to become a public political party and that it will participate in the 1994 elections has scared stiff those who today illegally hold power in the country.

This is the first time that we revolutionaries struggle in a public and political manner for the changes that the country has been demanding for many decades. At the end of the seventies and in spite of the massacres, we became the greatest political movement that has ever existed in the entire history of El Salvador. Repression forced us to forge an army that would open the path for political democracy that had been constantly denied by the single party governments led by the military.

Now then, one cannot talk about true democracy in El Salvador without the public political participation of the FMLN. Today the people from Arena [Nationalist Republican Alliance] and the military are afraid of the possibility that there will be a true political pluralism and that the people might choose their fate following debates and through a consensus.

As of right now, we are prepared for the new era, and we are not going to kneel before anyone to make use of the opportunities that we—as Salvadorans—have legitimately achieved for the benefit of the vast majority that has been silenced by the military.

On the other hand, the fact that there is a National Army for Democracy [END] in this transitional stage is not a contradiction if the Armed Forces are not purged. If the Armed Forces do not disappear, the END is not obliged to disappear either. Constructing the political forces of the democratic revolution is a clear signal for the Armed Forces and Arena to unblock the current negotiations. Legality and negotiations will have to admit gradually the existence of double powers in the country. If Arena and the high command are negotiating the military aspects of the war, the cease-fire, and the fate of the two armies, why are they afraid of confronting the FMLN in a political and open field?

We reaffirm, regardless of the regime's willingness, that the Salvadoran people have sufficient political and military power to conclude the negotiations in a grand political victory of civilian society over the pro-Arena militarism.

Aspirations Called 'Ridiculous'

PA0108165191 San Salvador Canal Seis Television in Spanish 0200 GMT 31 Jul 91

[Text] Vice President Francisco Merino has stated that the intention of the FMLN [Farabundo Marti National Liberation Front] to participate in the forthcoming elections without abandoning their weapons is irrational and ridiculous. The FMLN intention was disclosed by Commander Shafik Handal in Mexico when he said that the guerrillas were readying themselves to become a political party. Handal added that the rebels will participate in the elections even if a cease-fire is not reached during the negotiating process and said that the FMLN would not unilaterally demobilize.

Vice President Francisco Merino said that these statements were ridiculous and attributed them to internal problems in the rebel movement.

[Begin Merino recording] I believe that Shafik Handal was brash when he stated that they [the FMLN] will

participate in the elections anyway. As I said before, this is nonsense. The statements are totally irrational and ridiculous. I believe their aspirations must be presented within the framework of their abandoning armed strife, violence, and terrorism. [end recording]

The government official clearly pointed out that any political party that wants to participate in the electoral process must be legally registered with the Central Electoral Council and must accept the rulings of the organization.

[Begin Merino recording] The only legal way to participate—there is no other way—is for a political party to be registered and, obviously, to be disarmed and demobilized. It would be very unfortunate if all the efforts and advances made at the negotiating table are lost or jeopardized due to the attitudes and statements presented by the principal FMLN spokesmen. [end recording]

Vice President Merino pointed out that Commander Shafik Handal's statements could jeopardize the next round of talks between the government and the rebels.

Rightist Group Sends Communique to Radio Station

PA0108233091 San Salvador Radio Cadena YSU in Spanish 1200 GMT 1 Aug 91

[Text] The Salvadoran Anticommunist Front, FAS, reemerged today with a communique in which it threatens to kill members of the Modesto Ramirez Paracentral Front of the FMLN [Farabundo Marti National Liberation Front]. The communique states:

In view of a new attempt by the Modesto Ramirez Paracentral Front of the FMLN-FDR [Revolutionary Democratic Front] to impose terror and death among good Salvadorans through threats in leaflets sent to the homes of various professionals, the armed wing of the FAS states to the Salvadoran people that they should prepare themselves to courageously face the Maoist hordes of the FPL [People's Liberation Forces], that they should organize in their neighborhoods to fight in case it is necessary, and that they are not alone, especially when it is a matter of defending ourselves from socially resentful individuals and enemies of honesty and progress. Our front will remain alert and will act without any mercy against those who try to attack us.

Our front tells the security forces that it will act in legitimate defense of the human rights of our Salvadoran brothers. We must be allowed to act because we are the only ones who can use the same tactics used by the Marxists, tactics that they fear so much.

Our front tells the FMLN-FDR, the Modesto Ramirez Paracentral Front, and the FPL that we are not afraid of you. The voices of the Salvadorans have begun to be raised in defense of our dear El Salvador, which gives us the legitimate right to use the same tactics you have been using and under the same conditions. We know who you are and where you and your relatives are hiding because we have been watching you very closely, and when you feel the whiplash of our actions, do not hide behind priests, journalists, and [word indistinct] politicians. We are going for your rifles and your heads because the entire world knows well that dead dogs do not bite.

This communique was sent to Radio Cadena YSU by the FAS this morning. It shows its logo, consisting of a circle with a cross in the middle, looking like a telescopic sight.

Cristiani Issues Message on Drought Problems

PA0108223191 San Salvador Radio and Television Network in Spanish 0200 GMT 1 Aug 91

["Important message" by President Alfredo Cristiani; date and place not given—live or recorded]

[Excerpts] Good evening Salvadoran People. I would like to speak this evening mainly about the serious drought problem that has been afflicting the country for more than 30 days. The drought has affected two basic areas: First and most logically agriculture. Farmers, especially in the eastern part of the country, have suffered more than 30 days of drought. Agriculture Ministry inspections have shown that the production of basic grains already has been affected up to 50 percent in some cases. We consider that basic grain production is vital for our country because it is our people's staple and we must take steps to try and solve this problem. The Agriculture Ministry, together with the Central Reserve Bank, is studying the possibility of refinancing existing loans. [passage omitted]

The second area the drought has affected is obviously power production. The reservoirs at the hydroelectric dams—the basic source of power for the energy we consume—are seriously affected. Reservoir levels this year are historically the lowest the CEL [Lempa River Hydroelectric Executive Commission] has had in many years. We believe that we all must take steps in order to avoid the need to take even more severe and drastic measures in the face of this reality.

The reservoirs have only enough capacity to generate power for approximately 12 to 15 days. During this period we will be continuously operating, 24 hours a day, all the installed capacity of the oil-fired generators. Of course, this energy is much more expensive, requiring an additional outlay of funds. We also must contend with the FMLN [Farabundo Marti National Liberation Front] attacks that are always damaging the power distribution networks. [passage omitted]

We need to have everyone cooperate to try and avoid the need for more drastic measures such as power rationing blackouts. We know how incovenient this is for everyone. That is why we believe that this is the moment for everyone to help out by consuming less power, especially for nonessential needs. [passage omitted]

Guatemala

State of Emergency To Fight Cholera Announced

PA0108182591 Panama City ACAN in Spanish 2303 GMT 31 Jul 91

[Text] Guatemala City, 31 Jul (ACAN-EFE)—Guatemalan Health Minister Miguel Angel Montepeque today announced "a state of national emergency" effective 1 August "in an effort" to fight cholera.

Many sectors of society had called for this measure, fearing the spread of the disease that has already infected seven people, while another 67 are under medical observation.

According to Montepeque, President Jorge Serrano held a Cabinet meeting and decreed "a state of emergency" throughout the country, ordering other ministries "to cooperate" with the Health Ministry in "fighting this epidemic and preventing it from spreading."

* More CERJ Members Murdered by Military

91CA0189C Guatemala City SIGLO VEINTIUNO in Spanish 30 Jun 91 p 6

[Text] On 29 June the Runujel Junam Council of Ethnic Communities (CERJ) denounced the fact that two of its members were murdered by guns fired by members of the Civil Self-Defense Patrols [PAC] in San Pedro Jocopilas, Department of Quiche.

The victims were identified as Celestino Vicente Julay and Tomas Ventura Xon, both residents of the Canton of Chuisalic in San Pedro Jocopilas.

Amilcar Mendez, president of CERJ, an organization which works in the defense of human rights, said that the murder of Ventura Xon took place on 24 June, while Vicente Julay was murdered under similar circumstances on 21 June.

Commenting that eight members of CERJ have been murdered during 1991, Mendez stated that, "We are dismayed and alarmed because these extrajudicial executions have not been stopped and particularly because Celestino was threatened five months previously. A complaint had already been presented to the prosecutor for human rights."

Mendez added that on this occasion Vicente Julay refused to perform his required service in the PAC. Because of this incident he was threatened with death.

Mendez continued: "In the first case, which was like others, we have evidence of the identity of those responsible. However, in Guatemala providing evidence is of no importance, since court orders are not respected."

He mentioned as an example the case of Sebastian Velasquez, where sufficient evidence was provided. The judges issued an order of arrest, but those responsible continue at large, enjoying their impunity, he commented.

He added that it is of no use to set up investigating committees, as was done in the cases of Devine or Mirna Mack, if the authorities do not act when those responsible for them are arrested.

He continued: "Unfortunately, everything remains in the stage of learning an excessive amount of detail about what happened. The days, weeks, months go by, and each time there are new names and new statistics, and we do not know what office to turn to. Since the Runujel Junam Council was established, a total of 25 persons have been murdered."

Human Rights Situation Has Worsened

According to the CERJ, violations of human rights have been continuous in 1991, to the extent that there have been more of them than in 1990.

He said: "All of that was included in a special document, a copy of which was sent to President Jorge Serrano. Another copy will be turned over to a delegation of members of the United States Congress which will visit us on 30 June."

The delegation is composed of specialists on human rights matters. It will learn in detail of the murders of peasants as well as the court judgements which have been handed down, the Runujel Junam leader explained.

He said: "When President Serrano learned of the report, he promised to establish a committee to investigate the facts. Shortly after that three persons appointed by the president and belonging to the military intelligence service came to the Department of Quiche. However, relatives of those who had been murdered did not reach an agreement with them, since they are opposed to that kind of appointment."

We are concerned about these bloody events, since the extrajudicial executions have not stopped taking place, despite the fact that the Office of the Prosecutor of Human Rights Matters has extended its activities. It has more sections and more offices. However, what is the use of having technicians and a whole team of experts if there is a branch of the government standing above the constitution which violates human rights?

The citizens are defenseless, especially in the case of the peasants, who are well known for not being acquainted with their rights.

Mendez concluded: "Furthermore, in the CERJ offices there are more than 20 persons who have taken refuge there. They cannot return to their communities, because those responsible for the deaths of their beloved relatives have not been arrested. This puts their lives in danger."

* Human Rights: 547 Murdered, 118 Disappear

91CA0189B Guatemala City EL GRAFICO in Spanish 25 Jun 91 p 3

[Article by Rony Ivan Veliz, of the editorial staff of EL GRAFICO]

[Text] Guatemala City, 25 June (Day of the National Teaching Profession)—The leaders of the Mutual Assistance Group [GAM] have denounced the increase in the violations of human rights during the first six months of 1991. Under the government of President Jorge Serrano Elias 547 murders and 118 disappearances have been reported.

The leaders of GAM stated: "Our organization in defense of human rights looks with great concern on the increase of violence in the countryside and in Guatemala City. This is part of a repressive wave against trade union, peasant, native American, student, and popular groups which are the most repressed for the just struggle which they are carrying on in defense of the interests of the poor and the neediest.

"We demand of the government of President Serrano Elias that it take appropriate action to halt the wave of violence, as well as to carry out an investigation in depth of what has happened during this dirty war which the security forces have carried on against the people, murdering, kidnapping, and massacring them."

* Government Preparing Vast Privatization Program

91CA0189D Guatemala City SIGLO VEINTIUNO in Spanish 20 Jun 91 p 7

[Text] Minister of Economy Juan Luis Miron has announced that the government will begin to privatize state owned companies after the conclusion of a study carried out by a specific committee. He added that, in his view, the existence of state-owned enterprises constitutes usurpation of power by the state.

The privatization program was announced during a speech by the minister at the Fourth Industrial Congress held recently. Without going into details of the plan he said that the idea is to evaluate each government-owned enterprise and then to proceed with its sale or, in the case of services firms, to sign contracts so that they will be performed by private initiative.

The government has decided to privatize state companies. In this sense the first step will be the elimination of monopolies. The minister explained: "I have always thought that this means that 'The state usurped that property.'"

In the second place it is planned to sell those companies whose assets are not essential to the state. And in the case of companies which provide services, these will be contracted out under concessions as, for example, in the case of transportation. The appropriate committee is already drafting the documents for presentation to the president.

The privatization plan is part of the working plan of the minister of economy. When he spoke about it, he explained that it is planned to achieve an economic opening to the foreign market, as well as at the internal level. He said that what we seek is to reorganize the system and to eliminate the obstacles which are a hindrance to trade.

He stressed that the state should be an "umpire" or an economic guide. Under no circumstances can it be an entrepreneur. Furthermore, we should encourage decentralization, deconcentration, and regionalization. We also seek to integrate the most isolated areas into the productive activity of the country.

By emphasizing the need to modernize the way in which the Ministry of Economy operates the minister said that in the past few days he has completed action on more than 1,000 cases which had accumulated over the previous five years, including processing an application by foreign investors which was presented in 1986. When he was asked about this application, he answered that "The investors have already left the country."

Stimulating exports so that they will triple over the next five years is also part of the program of the Ministry of Economy. However, he concluded that the framework for achieving these objectives is the signature of a peace agreement for the country. Without this foundation it will be difficult to reach these goals.

* Labor Rejects Privatization of INDE

91CA0189E Guatemala City EL GRAFICO in Spanish 27 Jun 91 p 4

[Text] Guatemala City, 27 June—The Union of Workers of the National Electrification Institute (STINDE) held a meeting on 26 June in front of the Congress building to deliver a motion informing the deputies that it is totally opposed to the privatization of state-owned enterprises and, in this particular case, to the privatization of INDE [National Electrification Institute].

In the motion, union members indicated that they reject the reports by officials of INDE, particularly those of Renato Fernandez Rivas and Alfonso Rodriguez Anker, who are, respectively, president and vice president of the company. The two officials had said that INDE cannot be made profitable, that its operating costs are high, and that its budget is not compatible with its expenditures.

The union members stated that in reality to make INDE efficient it will be necessary to eliminate corruption in the purchase of vehicles for the officials. These expenditures, which involve billions of quetzales, are unnecessary.

There is corruption in contracting for services with private firms to perform work which employees of INDE could do efficiently.

There is corruption involving INDE officials in the purchase of spare parts, in collections for the sale of electricity, and in private deals to connect electrical service.

The trade union said that INDE should not employ any more persons associated with MAS [Solidary Action Movement] and its political allies, since the further employment of such persons means that the National Electricity Institute will have too many employees, resulting in discontent among the workers, who will have no prospect of promotion.

The trade union said that there is a campaign by professional workers of INDE against repairing electricity generating plants, neglect in the various installations, and the total abandonment of maintenance. The purpose of such activities is to make it appear that INDE is defective in its organization and, in that way, to justify privatization.

Consequently, the trade union members demanded of the deputies a conscientious analysis of their motion and an investigation of INDE, principally in the work places, so that they will realize that privatization is unnecessary.

* Nontraditional Exports Increase Sharply

91CA0189F Guatemala City CRONICA in Spanish 14 Jun 91 p 35

[Article by J. Mazariegos De Leon]

[Text] During the first five months of 1991, exports of nontraditional products took second place, after coffee, in earning foreign exchange. As of 30 May, according to data from the Foreign Exchange Department of Banguat [Bank of Guatemala], coffee exports had brought $214 million into the country, or $14 million more than in the same period of 1990. Meanwhile, during the same period exports of nontraditional products generated $171 million, or $33 million more than in the same period of 1990. Exports of sugar and bananas held third and fourth place, with earnings of $83 million and $27 million, respectively.

In a breakdown by category of exports of nontraditional products, the increase in sales of manufactured clothing drew particular attention. Between January and May of 1991 sales of such clothing items reached $37 million, a figure higher than the foreign exchange generated during the same period by exports of bananas ($27 million), cardamom ($16 million), and meat ($9 million).

In the view of the Association of Exporters of Nontraditional Products this increase not only had a significant impact in terms of foreign exchange earnings but was also of importance for the jobs which it generated. Furthermore, it was brought out that this industry contributed an added value about 42 percent greater than the value of domestic inputs which it used in the production of the goods involved.

Exports of green and other vegetables involved significant earnings of more than $16 million, which is more than the amount of foreign exchange earned by exports of cardamom and meat. These exports have a social and economic impact which is very important for the country, because green and other vegetables are produced exclusively on the high plateau and on very small plots of land varying between 40 and 200 square meters in size.

At this point Chinese snow peas, broccoli, and cauliflower are some of the vegetables which are being exported to several restaurant chains in the United States because of their quality. As a result these crops have become sources of income for peasants who are engaged in subsistence farming. On an overall basis these exports have reached unprecedented levels, thanks to a persevering effort to open markets and the development programs which the Association of Exporters of Nontraditional Products has promoted over the past few years.

Honduras

Military on Subordination To Civilian Authority

PA0208035391 Hamburg DPA in Spanish 0244 GMT 2 Aug 91

[Text] Tegucigalpa, 1 Aug (DPA)—The Honduran Armed Forces this evening declared their subordination to constituted civilian authority. The declaration was issued following a meeting of the Superior Council of the Armed Forces at a moment when the Honduran military sector is again being seen as the true power in the country.

The criticism against the military increased following the assassination on 13 July of a young student. Two high-ranking officers of the Communications Battalion have been linked to this crime. Honduran Police Chief Colonel Guillermo Paredes told the local media that he refused to obey a civilian court warrant for the arrest of the accused military officers.

The Armed Forces have issued an eight-point communique stating: "At no moment have the Armed Forces sought a confrontation with the country's judicial authorities in connection with the regrettable events that have received the people's attention."

The document states that the Armed Forces are an institution that is "essentially professional and apolitical, obedient, and nondeliberative that functions in the framework of respect, of reason, and of the law, and that is subordinated to civilian power and has specific objectives."

The Armed Forces rejected criticism that they are acting against the people and denied that all high-ranking military officers found guilty by courts "receive institutional support."

The military asked the people to be "calm and sober" in the face of a campaign that includes misinformation and manipulation of information dealing with "painful events." The Superior Council concludes its communique by reaffirming its support for the military commander, General Luis Alonso Discua.

Nicaragua

Rebel Commander 'El Indomable' Profiled

PA0108232691 Managua Radio Catolica in Spanish 1130 GMT 1 Aug 91

[Report by Nobi Rosales from Matagalpa]

[Text] Commander El Indomable did all he could to live in peace and democracy in Nicaragua. However, on 12 December, at 0800, Sandinist elements went to Playa Hermosa, Wiwili Municipality, Jinotega Department, and killed his wife, 23-year-old Sonia Mercedes Rivera Hernandez, and his 8-month-old son.

According to a report in the hands of the OAS's International Commission of Support and Verification [CIAV] and the Verification Office of the Cardinal [Miguel Obando y Bravo], Mrs. Rivera Hernandez was shot in the chest and the head. Her husband, Commander El Imdomable, was 200 meters away from the house where the attack took place. He ran to the house but his wife was already dying.

The problems of 36-year-old Jose Angel Moran Flores, alias El Indomable, began in August 1990 when Sandinist elements and the Sandinist Front's local delegate, Marvin Castro, accused him of arms trafficking. According to Commander El Indomable, he was a delegate of the Government Ministry's Disarmament Commission, and the CIAV and the Verification Office of the Cardinal have evidence of this because a voucher exists that proves he turned in 70 rifles that he had recovered.

He had been leading a normal life in Jinotega. On 24 April he went to a CIAV office to announce that he was being threatened by Sandinist elements. Radio and newspapers had reported that he was a member of the recontras, something that was completely false.

One month later, on 5 May, he went to the CIAV office asking for help because he was the victim of a campaign according to which he was spurring on and rearming the former resistance fighters.

He presented this complaint to Mr. Alejandro Suazo of the cardinal's verification office; to Eulalia Lacayo, of CIAV; and to Ignacio Brenes Diaz of the Human Rights Commission.

On that day he was given a writ of constitutional guarantees for the protection of civil rights, but the threats and the harassment continued.

Eventually, later, Commander Tigrillo joined him. Now, many young people who had laid down their weapons are returning to the mountains because of the climate of insecurity that exists in this region.

Today a high-level meeting will be held in Wiwili. Important officials from the government ministry, the Sandinist People's Army, the Sandinist Police, members of the Nicaraguan Resistance, and representatives of the cardinal's verification office and the CIAV will meet there to act as mediators in view of the serious situation in the country's northern region.

* Public Opinion Rejects FSLN Violence

91CA0181A Managua LA PRENSA in Spanish 25 Jun 91 p 4

[Commentary by Luis Sanchez Sancho]

[Text] The process of democratic transition now underway in Nicaragua resembles a heavyweight boxing match set for 15 rounds.

In a ring challenge, spectators hope that one of the pugilists will eliminate the other in the early rounds by a quick knockout. Likewise, both the supporters and adversaries of Nicaraguan democratization hope that conflicts will be resolved early on and that one of the contenders will immediately beat the other.

Every confrontation between the participants in the current grand political dispute, the Sandinists and democrats, is like a round in a big championship fight in which it is not yet clear who will beat whom.

What is clear, on the other hand, is that the last or most recent round of the historic challenge between democracy and Sandinism was unequivocally won by the democratic forces.

The FSLN [Sandinist National Liberation Front] made a huge blunder. One cannot or should not resort to violence and terrorism to fight a strictly legal and democratic proposal of the UNO [National Opposition Union], namely, its decision to begin legislative debate on laws set forth by the previous regime to protect the plundering of homes and land, now popularly known as the "Sandinist pinata."

The FSLN's defeat in this round was demonstrated by the meager popular support for its appeals for a "civic uprising," despite the fact that it has demagogically manipulated a very sensitive social issue: ownership of the people's land and homes. Also exposed was the extreme weakness of those who, desperate upon finding themselves with no argument, resort to terrorist bombings and attacks on public and private institutions. When this is the preferred tactic used against those who brandish nothing more than the text of the law, the moral strength of reason and an unyielding civic spirit in the face of intimidation and blackmail, the result is catastrophic for the proponents of violence.

The balance is then extremely negative for those who raved about ruling for a thousand years and who were suddenly forced to recognize the bitterness of defeat.

Their defeat is total and strategic, so overwhelming that they cannot even hope to capitalize on the natural attrition of the democratic government. Support lost by the government does not go over to the party which the people defeated in last year's elections. On the contrary,

many people who supported the FSLN regime and voted for that party in the February 1990 elections continue to abandon the sinking ship, whose every effort sends it wallowing deeper and deeper.

What is striking is that the greatest criticism of the government comes, not from FSLN sympathizers, but rather, from those who accuse the administration of being unable to deal with terroristic acts committed by the extremist opposition.

Political opinions of the people are now shifting further and further to the right. Many Nicaraguans thought that with the establishment of the new government, problems would automatically be solved. They believed that democracy would be born perfect, overnight, and that the Sandinists would leave the field of battle with their tails between their legs.

However, in actual fact, precisely the opposite occurred. Building democracy is necessarily a complex process replete with ups and downs, vicissitudes, victories and defeats. This is even truer in Nicaragua, where the democratic transition did not emerge from the anyone's defeat. Here the war ended without any clear-cut winner or loser and election unity and political commitment were imposed.

In such a context, it is not surprising that the extremist sectors ousted from power should resort to desperate actions. However, this does not mean they are dominating the transition process. They attacked the Radio Corporation and other radio broadcasting stations in the interior, occupied a number of city halls, made attempts on the lives of several democratic leaders, and exploded terrorist bombs. Nevertheless, the strength of the democratic process is greater now than it was before the attacks, just as it is greater than it was last year, and just as it will grow steadily greater with the passage of time.

It would undoubtedly be better for the FSLN if it would choose the path of caution and cooperation with the Nicaraguan people in their search for stability and recovery. At least in this way, it could partially restore the image it damaged so badly through its own erroneous policies.

Chamorro Installs Minimum Wage Commission

PA0108162691 Managua Sistema Sandinista de Television Network in Spanish 0200 GMT 31 Jul 91

[Text] The National Minimum Wage Commission, which in 30 days must determine the minimum wage for workers, was installed today.

Francisco Rosales, president of the commission, said that various organizations, such as the INEC [National Institute of Statistics and Census] and the Standard of Living Commission, will provide the necessary data. He added that the commission is also conducting studies of the current minimum wage in Central America.

President Violeta Chamorro installed the commission:

[Begin Chamorro recording] The installation of the National Minimum Commission in compliance with the Minimum Wage Law shows the Nicaraguan Government's desire to fulfill one of the basic rights of Nicaraguan workers. The commission, which is comprised of workers, employers, and government representatives with the intention of seeking a social agreement, reflects the democratic and representative image of what we want for our country and coordinates efforts and responsibilities, which, with the necessary technical support, will strengthen social justice, social stability, and economic progress.

This is an essential step based on common will amid free and responsible dialogue, which shows that our love for our fatherland, expressed through concerted efforts, is the correct policy during our current historic circumstances.

In the same manner, we are complying with the government plan proclaimed to our noble Nicaraguan people.

I wish the members of the commission diligence, wisdom, and success in your work. I officially declare the commission installed. Thank you. [end recording]

Panama

Official Criticizes U.S. Congressman's Statement

PA0108212591 Panama City LA PRENSA in Spanish 1 Aug 91 p 30-A

[Report by Zoila Rodriguez Jovane]

[Text] Deputy Foreign Minister Jose Raul Mulino described as "presumptuous" a statement made by U.S. Congressman John Conyers, president of the Government Operations Committee of the U.S. House of Representatives. Conyers said that Washington's policy in Panama is "disastrous."

Mulino, who represented Foreign Minister Julio Linares at the inauguration of the "Central American Forum on Panama's Integration" said that it is "a pity" that a U.S. congressman should try to use Panama "as a scapegoat" for attacking his own government's domestic policy.

Conyers told THE WASHINGTON POST that the Panamanian Government's survival is affected by its own inefficiency and reports on corruption and that the U.S. President is letting go by an opportunity to restore Panama's sovereignty, independence, and democracy.

Conyers also said that Washington should pay more attention to controls on drug trafficking and money laundering, activities which "apparently have considerably increased" 18 months after U.S. troops overthrew and captured Noriega.

Mulino criticized Conyers for "meddling" in matters "that do not concern him or the U.S. Congress, or any other country except Panama."

Mulino stressed that in a conversation he held on 30 July with U.S. diplomats he expressed his concern about the continuous remarks that U.S. officials make regarding our national affairs.

He added that a U.S. Embassy official whose name he did not disclose admitted that this was an attack against U.S. internal policy and that Panama "was being used as a formula to criticize the Bush administration."

Mulino said that at an audience of the Subcommittee of Hemispheric Affairs, Bernard Aronson, U.S. assistant secretary of state for Inter-American Affairs, expressed the U.S. Government's official position on the subject and reiterated the progress that Panama has made in its democratization process.

Issue of Renegotiation of U.S. Bases Debated

'Mistake' Not To Negotiate

PA0108211991 Panama City EL PANAMA AMERICA in Spanish 1 Aug 91 p 4A

[Article by Carlos Luis Linares Brin: "It is a Serious Mistake Not to Negotiate the Bases"]

[Text] The subject of the U.S. bases is too important to leave entirely in the hands of our governing politicians. That is why it is the historic duty of all Panamanians to express their opinion, openly and freely, on such a significant matter.

The insistent opposition of the executive branch—especially President Endara and Foreign Minister Linares—to begin negotiations with the United States on the future of the U.S. bases after the year 2000 is a mistake that will have serious social and economic effects on the country. The economic and social contribution of the bases to the national economy in the form of more than $400 million annual revenue and over 6,000 jobs has often been mentioned. The closing of the U.S. bases also might make the Panama Canal users nervous; they regard the U.S. military presence as a guarantee that their ships and products are protected from disturbances, strikes, and terrorist attacks. If the U.S. bases in Panama are closed down in the year 2000, what organization will guarantee the canal's protection? The National Police could not even ensure uninterrupted traffic to and from the Colon Free Zone during the recent disturbances and truckers' strike.

The Panamanian Foreign Ministry's belief that the Neutrality Treaty will guarantee the Canal's safe and efficient operation is not completely right. The ministry's argument is similar to saying that because all Panamanian citizens are bound to obey the Constitution, no one will steal, commit crimes, or violate the law. It is always necessary to have an institution to preserve public order and protect the people's personal rights from criminals. The U.S. bases, which could be complemented with a UN force after the year 2000, would protect the Canal users' activities, thereby precluding their resorting to alternate routes.

President Endara and his foreign minister should start listening and admit that a majority of Panamanians (70 percent according to opinion polls) favor keeping the bases after the year 2000. Therefore, to save face, the government should call for a plebiscite to ask all Panamanians whether or not they want the Bases Treaty to be renegotiated. The government should keep in mind that the people elected it to make decisions, not to hand over the problem to the government that will assume office in 1994. Decisions like this should be based on the opinion of the majority of the people, not on "nationalist" stands that no longer fit the new international order that did away with ideological barriers, wiped communism off the face of the earth, and politically and economically united the East and West.

Ironically, while other countries very skilfully try to profit from closer commercial ties with the United States, the Panamanian Government is determined to "drive out the Yankees" based on a treaty negotiated by a dictatorship whose plebiscite we all know was manipulated. The Mexicans, although allegedly very nationalist, have not resorted to their "Central American brothers" to negotiate a free trade agreement with the United States. Instead, they are negotiating an economic integration accord with North America. We all know of the efforts being made by the Soviet Union, until recently a bitter enemy of the West, to receive financial aid and become integrated into the capitalist market of Europe and the United States. The initiative of Legislative Assembly members to travel to the United States to discuss the bases with U.S. senators indicates the responsible stand of these legislators to face the problem. Leo Gonzalez of Molirena [Nationalist Liberal Republican Movement] is a courageous man who speaks loudly and clearly and without deceit on the tremendous economic and social problem that the closing of the bases would represent. The executive, however, has taken the ostrich's stand by putting its head in the sand—so as not to even face the problem—and arguing that any negotiation would have to be conducted by the new government after 1994.

Initiating negotiations with the United States does not necessarily imply that we must accept all the conditions proposed by the United States. The Panamanian negotiators should aim for the highest interests of the country, including the economic and social ones. Such a treaty, to be followed by a plebiscite, would be debated and either ratified or rejected at the National Assembly. If Spain, Turkey, and the Philippines have negotiated base accords with the United States with no nationalist complexes, I do not see why Panama cannot do so. Let us keep in mind that, with the collapse of ideological barriers, to be a nationalist no longer means to be "anti-Yankee." True nationalism should seek the country's better interests on a long-term basis and with an overall vision. It should take into account the opinions of

the people who have already expressed their desire for negotiations to begin as soon as possible. The government should also understand very clearly that the people generally vote in a presidential election according to a particular party's success or failure in the economic and social fields. If the country's economic and unemployment problems are still unresolved by 1994 and the government insists on aggravating the economic situation by demanding the closing of the bases, the ruling parties' outlook for victory will not be very bright.

Let us pray to God that our leaders can be statesmen more than politicians and that they consult with the people before making their decisions, always seeking the higher national interests on a long-term basis rather than their political interests with an eye on the next elections.

PRD's Rognoni Comments

PA0108193991 Panama City EL DIARIO INDEPENDIENTE in Spanish 1 Aug 91 p 7

[Report by Fenton Achurra]

[Text] PRD [Democratic Revolutionary Party] legislator Mario Rognoni has denounced: "I think it is tragic for Panama that the president of the Legislative Assembly's Canal Affairs Commission assumes positions of subservience on behalf of our country. The dignity of our country is more important than any economic need that may be perceived as being used for national development. We regret the fact that legislator Leo Gonzalez has adopted a position that downplays the importance of our sovereignty, dignity, independence, and patriotic responsibility. Gonzalez places more importance on the economic benefits that may result from the permanence of the U.S. bases or job opportunities generated by these bases."

Panama may try to renegotiate the military bases with the United States in a sovereign manner as other more sovereign nations—such as Greece, Turkey, Germany, England, Italy, and Spain—have done. However, Rognoni reiterated that the commitment of generations of Panamanians has been to achieve the departure of the last U.S. soldier on 31 December 1999.

Rognoni concluded that it seems that Gonzalez does not care about that commitment made by generations of Panamanians.

Students Hold Demonstration, Attack Journalists

PA0108194991 Panama City LA PRENSA in Spanish 1 Aug 91 p 1A

[Report by Elkilia Santos]

[Text] Yesterday approximately 50 students of the National Institute insulted Education Minister Marco Alarcon, attacked two officials of the Education Ministry's Public Relations Office, and damaged the equipment of an RPC Channel 4 cameraman. This occurred during a demonstration held in front of the Education Ministry demanding the readmission of several expelled students.

The students accused cameraman Hector Ramirez of Channel 4 of being an Education Ministry "informer."

The incident began when Minister Alarcon was leaving his office; the students, who were waiting for him outside, followed him yelling insults.

Alarcon, who was on his way to a Cabinet Council meeting escorted by several security agents, managed to leave the place unharmed amid the insults shouted by the students.

After Alarcon left the area, the students attacked the Channel 4 cameraman and photographers Oscar Madrid and Vladimir Vega of the Education Ministry's Public Relations Office.

In addition, the students tried to take away the camera from Aurelio Jimenez of the daily HOY, and broke the lens of a camera belonging to LA PRENSA reporter Nicolas Psomas.

According to a press communique issued by the Education Ministry on the incident, which lasted several minutes, cameramen, photographers, and several bystanders were injured.

The students demanded the readmission of Arturo Trelles, Luis Pinto, and Franklin Mendoza, who were expelled from the National Institute after being charged with participating in student riots that culminated in vandalistic actions on 10 and 11 June.

As a result of those protests held to reject an increase in the price of beef, the Education Ministry ordered the closure of the National Institute, which was reopened three days ago after the students who were supposedly responsible were punished.

Minister Alarcon said that he decided to reopen the National Institute after talking with a delegation of students who expressed their concern about the interruption of classes and who gave their word that there would be no more incidents.

"However, it seems that I have been deceived because facts have shown that the real concern of those students and their advisers is to continue using the school for political activities and promoting unrest," Alarcon said.

He added that "the Education Ministry complied with what was believed to be the Panamanian people's desire, the reopening of the National Institute. In that sense, we are not responsible for the attitude assumed by the students and the consequences of their actions."

Alarcon did not say if the National Institute will be definitely closed this year.

Following the incident, FER-29 [Revolutionary Students Front] leaders Arturo Trelles and Luis Pinto went to RPC Channel 4's studios, accepted their responsibility for the incident, and offered to pay for the damage caused to the camera equipment.

The students met with News Director Julio Miller and apologized for the incident. They told Miller that they confused the Channel 4 reporter with an Education Ministry official who films their activities and then delivers the film to the minister.

They added that tension mounted and they lost control of the situation.

Although Miller accepted their apologies, he told them that the confusion did not justify the attack because the Education Ministry's cameraman also has a right to do his job without being harassed.

Official Confirms Presence of Guerrilla Groups

PA0108212891 Panama City LA PRENSA in Spanish 1 Aug 91 p 30-A

[Report by editorial staff]

[Text] Assistant District Attorney Carlos Herrera Moran has confirmed the existence of Colombian guerrilla groups in the Panamanian town of Arcandi and the arrest of a Panamanian presumably involved in rebel activities.

Herrera Moran, who declined to identify the accused to protect his right to be presumed innocent, said that this person has ties to an armed movement that promotes the return by violent means of a system of political control similar to the one that ruled the country until 20 December 1989.

"The person under arrest was constantly traveling to Obaldia Port and from there to Arcandi, where the existence of several guerrilla fronts was established. Most likely, a connection exists," the official stressed.

The assistant district attorney noted that implicating the aforementioned Panamanian citizen with Colombian rebel groups that move about in our country "is not a fabrication, since we have concrete evidence on file that reveals this man's trips" to the zone.

He added that there are strong indications that implicate two Colombians with the murder of an Ecuadoran-German couple recently discovered in Obaldia Port.

"As some Obaldia Port residents told us, they (the two Colombians) had been seen visiting areas along the Colombian border where the presence of guerrilla groups was established," Herrera Moran noted.

Judicial Technical Police Director Oswaldo Fernandez, however, said there are no Panamanian or Colombian guerrillas in Darien Province. He said he conducted a four-day visit to different areas of Darien and interviewed 40 persons, who denied having seen guerrillas in the area.

A top-ranking official from the Government and Justice Ministry stated that a file in the office of Tulio Melendez, an official from La Palma, Chepigana District, deals with an investigation on the presence of 100 heavily armed men in Darien. The source, who asked to remain anonymous, added that the investigation was conducted after a British citizen filed a complaint at Melendez' office. This persons charged that two men carrying AK-47 rifles and other military materiel detained him for a day, shortly after he arrived in Obaldia Port. After a long discussion, he managed to escape from these men and went to see Melendez.

A report issued last April by the U.S. Department of State, entitled "Overall Patterns of Terrorism: 1990," stated that "the Government (of Panama) has taken steps to terminate the support given by the Noriega regime to the FARC [Revolutionary Armed Forces of Colombia] and the FMLN [Salvadoran Farabundo Marti National Liberation Front]."

The report added that "despite these efforts, the FARC continues operating in areas where the government has little control, chiefly along the border with Colombia."

Argentina

Chile's Aylwin Visits, To Sign Border Agreement

PY0108163691 Buenos Aires Argentina Televisora Color Network in Spanish 1450 GMT 1 Aug 91

[Excerpts] [passage omitted] The plane bringing Chilean President Patricio Aylwin, 72, to this metropolitan airport is arriving. President Aylwin, who was installed in March 1991, began the democratic transition process that followed 17 years of military dictatorship.

President Aylwin has just stepped onto Argentine soil and is greeted by President Menem . Local officials begin to greet the visitor. The two presidents embrace. [passage omitted]

The journalists surround the Chilean president to hear his words.

[Reporter] Are you happy to visit our country, Mr. President?

[Aylwin] I am very happy to be in Buenos Aires. For many years, a Chilean president has not come to Argentina on an official visit, but this visit is a repayment for President Menem's visit to Chile last year. It begins a new stage in our two countries' relations. Through this visit our friendship, cooperation, and integration are being strengthened.

[Reporter] Will the border conflict be solved, Mr. President?

[Aylwin] I have confidence that it will. I believe the agreements President Menem and I will sign tomorrow are extremely important for our countries.

[Reporter] [question indistinct]

[Aylwin] Tomorrow we will let you know. [passage indistinct]

[Menem] [words indistinct] cooperation and integration (?agreements). We are improving our relations.

[Reporter] What about the criticism?

[Menem] It was to be expected. Logically, there is always criticism. We cannot forget that similar criticism existed at the time of the Beagle conflict and that the problem was solved, just as this conflict will be solved.

[Reporter] [question indistinct]

[Menem] Of course, because there is no war. There is no war and there will be no war [laughs].

[Reporter] Is integration possible?

[Menem] Yes, of course it is.

The two presidents leave the metropolitan airport after this informal and impromptu news conference. [passage omitted]

Addresses Congressional Session

PY0208125891 Buenos Aires Radio and Television Network in Spanish 2107 GMT 1 Aug 91

[Speech by Chilean President Patricio Aylwin before joint session of Congress in the Chamber of Deputies in Buenos Aires—live]

[Text] Mr. Vice President of the nation and President of the Senate, Messrs. Legislators:

In the first place, thank you, thank you very much for your generous welcome. I acknowledge it as a gesture of friendship toward my fatherland, of the friendship shared by Argentina and Chile.

In my capacity as Chilean president, I feel deeply honored being received by the Argentine Congress and having the opportunity to share with its members some reflections on the times our brother nations are experiencing.

I was also a legislator and had the honor of presiding over the Chilean Senate. In my capacity as a democrat, I believe that Congress is the mirror of every nation, the natural and institutional organ of expression of the various trends, aspirations, and needs of a country. Congress is where the fatherland, as a whole, builds its unity.

In Chile, as well as in Argentina, congressional activities experienced serious and grave interruptions in recent years. Our constitutional systems were interrupted by authoritarian governments that exercised power without the counterbalance of a legislative branch that exists in a democratic regime and denied the mechanisms for the citizenry's participation. The crisis suffered by democracy in our nations, to a great extent, was the result of an ideological and political polarization process. The determination of many to change everything or the opposition of others to any changes closed the doors to constructive dialogue and opened the path to violence. Within this atmosphere of great confrontation, in which the clashing ideological projects had more power than the social reality and the concrete needs of our people, democracy suffered a crisis and was replaced by authoritarian regimes that used force, restricted freedom, and denied the people their right to participate in order to impose their own models.

Once the democratic constitutional order was restored in our countries—first in Argentina and then in Chile, we began leaving behind long decades characterized by dogmatism that led us to divisions and hatred. In the two countries we seek to create a climate of social peace in which dialogue, participation, and the common desire to successfully tackle the great challenges that the new times bring stamp a seal of moderation on the natural differences that exist in any society.

In order to pull out of the dictatorships, we had to overcome the ideological debates and establish alliances marked by the common support to democratic values.

If we were able to unite to recover our freedoms, we should be able to unite to successfully face the great tasks ahead of us—the consolidation of democratic institutions, promotion of economic development with social justice, and advancement along the path of cooperation and integration—that the new reality at the end of this century requires for the development of our peoples.

The recent past has taught us that the stability of institutions is a basic requirement for the respect of every human being's rights. This entails admitting that never again will the means be alien to the goals. Violence is not the right path for achieving peace; dogmatism is not the right path for establishing dialogue; confrontation is not the right path for eliminating conflicts. To talk about institutions means talking about general rules that are fair and adequate for the society. Institutions and rights go hand in hand. Outside the framework of the law there might be struggle for power, unwanted but necessary relationships, biased interests, but no policy designed as a tool at the service of common well-being.

This idea of institutional stability is the one that will permit us to efficiently meet our second great challenge—to promote the economic development of our nations and march simultaneously toward greater social justice.

The right to an honorable life, education, health, and housing is also a basic human right.

We must tackle the serious problem of poverty with renewed instruments. This requires, on the one hand, the sustained growth of our economies, and, on the other hand, the state's effective action that will permit the impoverished to enjoy the benefits of development. This is an ethical imperative and, at the same time, an effective requirement. We will not be competitive in the world economy with some modernized sectors and other sectors, which are a majority, submerged in poverty. [applause]

If the private sector plays a basic role in creating wealth, the state plays a basic role in creating human resources by investing in the people, primarily in the poorest. This is an inescapable duty for a modern state. [applause]

Equitable economic development represents, on the other hand, an indispensable element to ensure solid and stable peace, both in our countries and in the entire continent.

Nevertheless, in today's world in general, there are no real possibilities for important economic growth without international cooperation.

The time of autarchic dreams is over. Our planet, much more populated than it was when our parents were young, paradoxically is much smaller now because the huge progress achieved by the means of communication and transportation, the rapid circulation of people, news, ideas, and goods, and the increase in international trade has made countries increasingly more interdependent. This is especially true for neighboring nations such as Argentina and Chile. United by common origins since the birth of our Republics, separated by more than 5,000 km of a mostly mountainous border, and with economies that in many aspects are complementary, our fatherlands have been unable to sufficiently take advantage of this neighborhood for our mutual benefit.

Mutual distrust, fed sometimes by inconsiderate hegemonic cravings, has made this border a source of disagreements and conflicts for more than a century, diverting our relations from the path of understanding and cooperation.

The time has come to definitely overcome those obstacles. Convinced that today not even the highest mountains can separate nations, our governments, in the belief that they are interpreting their people's desire, are determined to prevent our border from ever again being a reason for division between Argentina and Chile, but rather, [applause] but rather, that become a tool of unity and cooperation in the future.

This is the profound meaning of the agreement on this matter that we will sign tomorrow with President Menem, thus removing an old weight from our relations.

We now want to make our best effort in the promotion of understanding and complementariness between our nations in the common task of our development.

There is currently an awareness that development goes hand in hand with the opening of economies. Our countries and our region will be successful in their growth goals as long as we ourselves adhere to a creative and competitive manner in world trade.

This is why, in order to achieve this goal, it is important to implement the integration process that is being carried out throughout the continent in various ways and different degrees. We see with satisfaction that progress is being made in the necessary common economic goals in order to make this process a reality. The progress being made represents important changes in the development strategies and in the degree of opening of economies.

In the new international context, the articulation of the main international economic policies is a necessity that no country can afford to face alone. The process in the great dynamic centers of the world economy shows us a successful path where regional integration allows effective participation in the international markets.

Integration, however, is not a magic formula for the solution of all our problems or a rhetorical banner to wave as a demonstration of good manners when a visit is being made to a friendly country. Integration is a long road that requires will, realism, and flexibility. Our natural partners in this process are the neighboring countries. The great challenge of our times is to set the basis to achieve the development of complementary economies among our countries. This achievement would, without any doubt, speed up our respective development and lead to a substantial improvement in our people's living standards.

We share with Argentina the desire for more than just economic integration. It is also natural for two countries

so united by geography and history to have other areas of integration. Ever since the independence movements began in Latin America links of special brotherhood unite Chile with Argentina. They were the shelter for our patriots who were defeated in their first effort for independence. The liberating Army left Mendoza to strengthen the independence of Chile with such speed that it also participated in the decisive battles for the independence of Peru.

The great Argentine patriot liberator Jose de San Martin has a privileged place in Chilean history. [applause] We have shared since those times dreams and aspirations that give us a common identity. The Andes Mountains divide us but they also unite us before a common environment we must preserve. The issues of ecology and the conservation of natural resources are an important part of our talks and exchange. When pollution, uncontrolled exploitation, or the depredation of natural resources reach proportions that seriously threaten our national patrimonies, we must react with strict and shared policies on both sides of the Andes.

Congressmen, it is common sense to assert that we are seeing the consolidation of a new international order. We are witnessing the strengthening of democracy in different and faraway countries of the world. We see how countries are gradually organizing themselves in great economic blocs that will allow them to face international markets in a competitive manner. All over the world the ideological confrontation is giving way to the search for formulas to ensure the well-being and development of nations.

Within this context we, in our capacity as politicians who have been entrusted the government of our nations, have the imperative need to favor cooperation between Argentina and Chile so that the dream of a united American Continent may stop being mere rhetoric and become reality. All of us have to do our share in this sense, and the step we are taking today to establish a Chilean-Argentine interparliamentarian commission is, and should be, an effective tool to build a better future.

I have the honor of being accompanied on this official visit to the Argentine Republic by representatives of the Chilean Congress. Government and opposition senators and deputies accompany me because this is not a government-to-government visit; it is a visit of the Chilean nation to the Argentine nation. [applause]

This, undoubtedly, is what our people expect from us and have the right to demand from us. They want peace, respect for human dignity, true access to the economic well-being of modern times, and social justice. We will be able to make progress in that direction if we are capable of consolidating and perfecting our democratic coexistence, if we are capable of promoting fair growth, and of effectively cooperating in order to overcome the limitations of each and everyone of us on the paths of integration that, with a joint effort, will allow us to attain the prosperity levels we aspire to reach. May God help us. [lengthy applause]

Military Concerned About Border Issue Agreements

PY0208003491 Buenos Aires CLARIN in Spanish 30 Jul 91 p 12

[Text] Military sources have told CLARIN that yesterday, the military chiefs of staff conveyed to Foreign Minister Guido di Tella their concern over the manner in which the border agreements with Chile were negotiated.

The senior officers had lunch with Di Tella yesterday and stated that they "could not satisfactorily understand" the reasons for negotiating the agreements—which are "causing internal problems"—at "an accelerated pace." They were referring to the demarcation of borders in Laguna del Desierto and the continental divide [hielos continentales] area in Santa Cruz Province.

This report from military sources caused "surprise" among Di Tella's aides, who stated that the military officers "merely listened and only asked technical questions" on the agreement with Chile, and "at no time, did they say that they were concerned."

The military sources told CLARIN that this was not the first time military officers have expressed their concern; they have done so on previous occasions. For instance, senior officers decided not to attend a 26 July ceremony at which Di Tella decorated Chilean Foreign Minister Enrique Silva Cimma with the Grand Collar of O'Higgins. They did this "to show their displeasure over the lack of consultation with the Joint General Staff."

They added: "We do not intend to impose our ideas on border problems, but we do believe that the Joint General Staff, which is the organization charged with advising the Foreign Ministry and the executive branch on these subjects, should have been consulted through the Defense Ministry."

The only harsh, outright criticism thus far has come from Commander Francisco Arrua, retired, who was dismissed yesterday from his post as border development director at the Defense Ministry for having described Foreign Minister Di Tella—in light of his negotiations with Chile—as "frivolous and irresponsible."

Attending the luncheon were Foreign Minister Di Tella, Defense Minister Antonio Erman Gonzalez, and the following senior officers: Admiral Emilio Osses, chief of the Joint General Staff; General Martin Bonnet, Army chief of staff; Admiral Jorge Ferrer, Navy chief of staff; and Brigadier Jose Julia, Air Force chief of staff.

Di Tella was accompanied by Deputy Foreign Minister Juan Carlos Olima; Andres Cisneros, chief of the Foreign Ministry staff; and Jorge Telerman, chief of the Foreign Ministry Institutional Affairs Department. Using a number of maps, Olima explained the scope of the agreements. According to Di Tella's aides, the military officers "strongly support the nationalist objectives sought by the agreements."

After the luncheon, Olima left for Rio Gallegos, where the agreements provoked the most serious opposition. There he met with Santa Cruz Governor Hector Garcia and the president of the Santa Cruz legislative assembly.

During his briefing, Di Tella commented on the reasons for agreeing to create an arbitration tribunal to issue a final, unappealable decision on the Laguna del Desierto issue. The 1902 award issued by the British crown established map demarcations over an area of approximately 600 square kilometers. Yet, the two countries have not yet been able to establish borders because of a different interpretation of the wording of the award. Chile claims that the southern part of the lake falls within its jurisdiction, and Argentina—which still is in possession of that area—makes the same claim.

CLARIN has found out that the arbitration tribunal will consist of jurists Julio Barberis (Argentina), Santiago Benadava (Chile), Reinaldo Galindo (El Salvador), Rafael Nieto (Colombia), and a Venezuelan specialist in international law who is still to be appointed.

Reportage on Polish Foreign Minister's Visit

Investment Accord Signed

PY0108204791 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 1 Aug 91

[Text] Argentina and Poland have signed an agreement on the promotion and mutual protection of investment guarantees. The agreement seeks to promote economic cooperation between the two countries.

During a ceremony at San Martin Palace, visiting Polish Foreign Minister Krzystof Skubiszewski signed the agreement with Argentine Foreign Minister Guido di Tella.

Skubiszewski Continues Visit

LD0208032191 Warsaw PAP in English 2108 GMT 1 Aug 91

[Text] Buenos Aires, Aug. 1—After his official visit to Brazil, where on the second day of the visit Polish Foreign Minister Krzysztof Skubiszewski met President of the Federal Senate and the National Congress Senator Mauro Benevider and had additional talks with his Brazilian counterpart Francisco Rezek, Skubiszewski arrived in Buenos Aires, Argentina, on the night of July 30 and 31.

During his visit to Argentina, Minister Skubiszewski met twice with Argentina's Foreign Minister Guido di Tella to exchange views on international issues and questions of bilateral cooperation. They paid special attention to international security, the strengthening of the role of the U.N. and the course of integration processes in Europe and Latin America. Both ministers ascertained a very good state of bilateral relations and discussed the ways to further develop them. They examined questions connected with the signing of agreements on avoiding double taxation and air transport. The talks showed almost full identity of views of both sides on all questions under discussion and the convergence of the ways of their political and economic thinking. The two ministers signed an agreement on the promotion and protection of investments. Minister Skubiszewski was received by Argentina's President Carlos Saul Menem to whom he conveyed regards and thanks from Polish President Lech Walesa for an invitation to visit that country. The date of Walesa's visit, probably in the first half of 1992, will be fixed through diplomatic channels. An official luncheon given by Minister Di Tella provided an opportunity for Minister Skubiszewski to hold lengthy talks with Argentinian Minister of the Economy Domingo Cavallo. Both ministers exchanged opinions on the course of economic reforms in their countries. Like Minister Skubiszewski's other interlocutors, also Minister Cavallo spoke highly about Vice Premier Balcerowicz's plan.

Last night, Minister Skubiszewski delivered a lecture on security in Central and Eastern Europe in the Argentinian Council for International Relations.

Cavallo Details Central Bank Actions on BCCI

PY0108223291 Buenos Aires TELAM in Spanish 2149 GMT 1 Aug 91

[Text] Buenos Aires, 1 Aug (TELAM)—Economy Minister Domingo Cavallo has stressed that the Bank of Credit and Commerce International (BCCI) "had no relations with the Central Bank, nor did it receive loans or deposits. Also, it did not operate with any other official organization." He stated that the bank "operated with private enterprises and depositors."

During a news conference, he called on the Economy Ministry, Cavallo explained: "Last year the Central Bank sent several delegations of inspectors and confirmed that there were some technical failures; therefore, it told the BCCI to cease operations on 30 June—which, in effect, occurred. The BCCI was also given six months to sell its authorization to operate in the country as a financial organization."

After charges about connections with the laundering of narcodollars, "the Central Bank decided to definitely cancel the authorization to operate," he stressed.

Faster Privatization of State Firms Ordered

PY0108211091 Buenos Aires BUENOS AIRES HERALD in English 1 Aug 91 p 5

[Text] (DYN)—Economy Minister Domingo Cavallo gave "precise instructions" to speed up the privatization of state-owned firms at an economic cabinet meeting yesterday.

A statement released at the end of the meeting said that state enterprises that failed to be privatized within government deadlines will face liquidation.

The privatization of the ELMA [Argentine Shipping Lines] shipping company was set for before the end of

the year, the statement said, adding that during the meeting Energy Undersecretary Carlos Bastos said that "technical studies for the privatization of SEGBA [Greater Buenos Aires Electrical Services] will be concluded by next year's first quarter."

The tender conditions for the privatization of thermal power plants will be made public "within the next 45 days," the statement quoted Bastos as saying.

The government's urgency in gaining funds from privatizations and in passing the consolidation bonds law is caused by the fact that the Economic Emergency law expires on August 23, when Treasury payments to creditors of 20,000 million dollars fall due.

Meanwhile, after swearing in Martin Redrado as president of the National Securities Commission yesterday, Cavallo pointed out that Argentina will be in a position to renegotiate its entire foreign and domestic debts "within a few months."

Debts will be honoured "strictly and punctually within the framework of domestic stability," he said.

IMF Grants $1.04 Billion Standby Loan

PY0108205191 Buenos Aires CLARIN in Spanish 30 Jul 91 p 16

[Summary] On 29 July the IMF granted a $1.04 billion standby loan to Argentina. The loan, divided in four installments each of $260 million, will be disbursed if Argentina complies with the severe conditions spelled out in the letter of intent sent by Foreign Minister Domingo Cavallo in June 1991. The first installment will be received on 31 July. The government will be allocated $200 million of each installment toward paying its overdue debt with the IMF and the rest will be used to reduce its debt with commercial banks.

Spanish Fishing Vessel Cabo Mayor Fined

PY0208002791 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1232 GMT 31 Aug 91

[Text] Buenos Aires, Jul 31 (NA)—It was officially reported today that the Argentine Naval Prefecture has fined the vessel Cabo Mayor, which was flying the Spanish flag that was caught fishing in Argentine territorial waters. The Prefecture also seized the catch.

The Cabo Mayor will be released as soon as the fine is paid. The catch, including 10 tons of hake, 20 tons of pollack, 13 tons of squid, and almost three tons of cod fish and processed fish has been confiscated.

The fishing boat was captured on 23 May by the Prefecto Fique coast guard vessel, while fishing in Argentine exclusive territorial waters, 198 nautical miles from shore.

Correction to Interior Minister Leaves

PY0208133691

[Text] The following correction pertains to the item headlined "Interior Minister Fiqueroa Departs for France," published in the 31 July Latin America DAILY REPORT, p 17:

Column two, paragraph two, only sentence make read: Argentina by the SOFREMI [expansion unknown] company. [passage omitted] Clearing company name.

Bolivia

Congress Asks For Formal Protest Made to Chile

PY0108154291 La Paz Radio Fides Network in Spanish 1100 GMT 1 Aug 91

[Excerpts] Border markers 48 and 49 still are causing trouble. [passage omitted]

Congress asked the government last night to lodge a formal protest with Chile, and to take steps at the OAS and the United Nations in the wake of the border markers' removal. Despite the fact that Foreign Ministry Under Secretary Marcelo Perez Monasterios initially denied the markers' removal, the government is in a difficult situation because Congress itself has requested a formal protest.

According to our reports, the situation is a bit complex and contradictory because there is no clear information on the type of patrols the Army is performing in border areas, on the mission of the rural and border police, and on the work by the Foreign Ministry Border Committee that controls border markers. The situation is by no means clear, and the executive branch should clarify it.

On the other hand, in contrast with the Bolivian situation, the Chileans will send a special commission on 7 August to inspect the demarcation of the border with Bolivia at border markers 48 and 49.

Chileans will take 30 days to make a thorough check, according to reports received yesterday from Santiago.

In Bolivia, the foreign minister continues to say that he will hold a press conference. But the truth is that yesterday the foreign minister, the Foreign Ministry under secretary, and the director of protocol were awarded the Condor de los Andes decoration.

It is impossible to imagine something as unwise and as lacking in common sense as this. That the officials in charge of the Foreign Ministry should award themselves decorations—at a time when the border situation is so sensitive, and when reports by the Foreign Ministry itself are so confusing—is yet another unwise action, the type of action that we have become accustomed to under this government.

This is actually a succession of unwise actions, and we wonder who will bring wisdom to the Foreign Ministry's work.

Decoration of Foreign Minister, Others Criticized

PY0108162491 La Paz Radio Fides Network in Spanish 1100 GMT 1 Aug 91

[Text] Several sectors, government officials, and political, civic, and union leaders have expressed their concern, astonishment, and indignation at the self-awarding of decorations by Foreign Minister Carlos Iturralde, Foreign Ministry Under Secretary Marcelo Perez Monasterios, and Director of Protocol Alberto Salamanca. These officials abused the president's good faith and awarded themselves the Condor de los Andes decoration. According to CONDEPA [Conscience of the Fatherland] Deputy Andres Solis Rada and other lawmakers, this situation has caused concern among various political groups. Rada said that, for moral reasons, the three Foreign Ministry officials should return the golden decorations, which are awarded to people who work for the country's benefit.

[Begin Rada recording] Obviously, each decoration should be justified. It seems that the Condor de los Andes decoration the foreign minister and his main assistants have awarded themselves is sort of a, quote, prize, unquote, for disregarding national sovereignty in the border problem with Chile. This means that in order to be awarded the Condor de los Andes decoration in Bolivia, one should allow Chileans to take 25 km of our territory. I believe this is shameful, both from the viewpoint of the disregard in which our borders have been left and the decoration the foreign minister has awarded to himself. [end recording]

Survey Shows Most Bolivians Oppose Extradition

PY0108184391 La Paz PRESENCIA in Spanish 29 Jul 91 Second Section p 1

[Text] According to a survey conducted by the Center of Investigation and Regional Development (Cidre) and the Social Communications department of the Bolivian Catholic University (UCB), 74.1 percent of Cochabamba's population opposes the extradition of Bolivian citizens on drug trafficking charges.

The result is considered "indisputable" because only 19 percent of those questioned favor trying presumed drug traffickers abroad while, 6.9 percent of those questioned did not have an opinion.

The survey shows that 72.9 percent of those polled disagree with the militarization of coca producing zones. This is considered "overwhelming" particularly because a survey on 3 March of this year showed that only 59 percent of those questioned opposed militarization "which means that opposition has increased."

According to the survey, 20.9 percent of those questioned support militarization—practically the same percentage as in March—while 6.2 do not have an opinion on the matter.

The survey shows that 54.2 percent of those questioned oppose the government decision to involve the Armed Forces in the fight against drug trafficking, 41.1 percent agree with such involvement, and 5.7 percent does not know or did not answer. Those surveyed were asked to point out the negative aspects of militarization. Some 48.5 percent said their main objection was the risk of corruption, 24 percent said they fear an increase in violence, and 5.7 percent said they opposed the forced eradication of coca plantations without alternative development. A group of 11.4 percent found nothing negative in the measure and 9.5 percent did not answer.

Asked about the positive aspects of militarization, those surveyed mentioned the elimination of drug traffickers (24.7 percent), a more positive repression (17.8 percent), and the strengthening of alternative development programs (14.7 percent). A total of 33.7 percent did not find anything positive in militarization.

The figures show the growing concern over the consequences of Paz Zamora's government policies on trafficking and coca production.

The surveyors questioned 420 people, men and women, classified according to their age, above the age of 20, and distributed within the 30 census zones established by the National Statistics Institute (INE) for the city. Other variables such as employment, educational level and political inclinations were taken into account. The surveyors admit an error margin of 5 percent.

Conalid's Emergency Program Receives Funds

PY0108184491 La Paz Television Boliviana Network in Spanish 1700 GMT 1 Aug 91

[Text] Conalid [National Council Against Drug Abuse and Illegal Drug Trafficking] has been given $10 million to begin work related to alternative development. The implementation of the work will last from eight to 10 months.

This work is part of the Conalid emergency program and will begin in September, when the supreme decree regulating work in the Chapare and Los Yungas regions is promulgated.

Reporter Javier Lupo reports on the medium- and long-term projects:

These projects, which are medium- and long-term projects, will follow the usual channels. These projects take longer to reach maturity, therefore, we plan to give some type of satisfaction to the peasant coca growers and the regions from which the peasants are being expelled in this preliminary stage. We want to immediately adopt emergency measures that may meet the peasants' needs and requests. We also want to reduce the cost the peasants must pay to reduce their coca production.

Teachers Protest Social Security Privatization

PY0108184091 La Paz Television Boliviana Network in Spanish 1700 GMT 1 Aug 91

[Summary] Teachers are staging a 24-hour strike to protest the privatization of the social security sector. The education minister has criticized the decision because the implementation of the privatization project is still hypothetical.

Brazil

Mandela Arrives; Thanks Brazil for Support

PY0208024491 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 1 Aug 91

[Text] South African leader Nelson Mandela has thanked Brazil for its support for the black people of South Africa in their struggle against apartheid. He arrived in Rio de Janeiro this morning for a five-day visit.

For Mandela, arriving in Brazil is like arriving home. At about noon, Mandela left the Copacabana Palace Hotel in southern Rio de Janeiro, where he is staying with his wife, Winnie, and headed to Guanabara Palace. The president of the National African Congress was escorted by Governor Leonel Brizola, and he made his first speech in Brazil, upon arriving at the Rio de Janeiro's Government House for cocktails.

Visibly moved, Nelson Mandela, after expressing his thanks to Brazil and its people, affirmed that he feels at home with Brazilians, who have always sided with South Africa's black people in their struggle against racism. In his opinion, there is a great resemblance between the two peoples, largely due to the mixture of races. Brazil has traveled down the same road as Africa, noted Mandela, with the difference that the use of public power in Brazil is directed toward the common good. Mandela thus made a clear reference to the democracy now practiced in Brazil, a democracy for which Mandela has struggled throughout his life.

After cocktails and lunch with Governor Leonel Brizola, Mandela participated in the inauguration of a CIEP [Public Education Integrated Center] named after him in Campo Grande, in western Rio de Janeiro. At this time, the most eagerly awaited event on Mandela's agenda here in Rio de Janeiro is taking place: The black leader is holding a press conference in the Golden Room of the Copacabana Palace Hotel. Later, he will attend a show staged especially for him in Apoteosis Plaza.

Demands Interim RSA Government

MB0208054691 Umtata Capital Radio in English 0500 GMT 2 Aug 91

[Text] Nelson Mandela says Pretoria must accept an interim government. He says if they don't, there can be no more talks between it and the ANC [African National Congress].

The ANC president has spoken in Rio de Janeiro at the start of his visit to Brazil. He says the government of F.W. de Klerk cannot be trusted any longer and should make way for an interim government.

At a news conference yesterday the ANC gave the response of its National Executive Committee to De Klerk's handling of the Inkathagate scandal. The organization is making a strong call for a multiparty conference leading to an interim government.

Mandela told reporters in Rio that the ANC has been urging Pretoria to come to the table to find a peaceful solution, but Inkathagate shows the government is not able to act honorably.

Brazilian BCCI Seeks To Buy Out Partner

PY0108213591 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Jul 91 p 12

[Reported by Antonio Matiello]

[Text] The Bank of Credit, Commerce, and Investment (BCCI) of Brazil will try to buy out its foreign partner, BCCI Holdings. BCCI Holdings control the BCCI, which was closed at the beginning of last month under charges of "laundering" drug trafficking money and financing terrorist organizations.

The Brazilian shareholders, the I.A.T. [expansion unknown] Trading Company, Lawyer Carlos Leoni, and Ambassador Sergio Correa da Costa, want BCCI Holdings to sell its 33 percent of the voting shares and its 50 percent of the preferential shares (without voting right) to the bank in Brazil. The shares may be sold to Brazilian shareholders or to any other interested national or foreign group.

The BCCI, headquartered in Luxembourg, is controlled by the government in Abu Dhabi. It holds $1.3 billion worth of shares in the BCCI of Brazil ($459 million in ordinary shares with voting right, and $919 million in preferential shares). The BCCI of Brazil is the only BCCI bank in the world which is not a subsidiary.

BCCI of Brazil Director Marvin Hancock does not know when the transfer of shares will take place. "Everything depends on the buyers," he said.

The BCCI of Brazil has not yet been able to contact its foreign partner and BCCI Holdings called a composition of creditors, when it was announced that all BCCI branches in the world were to be closed.

During a meeting the day before yesterday in Sao Paulo, the BCCI of Brazil shareholders decided to change the name of the bank. This has already been done in some Persian Gulf countries.

The BCCI of Brazil yesterday sent the Central Bank a list of possible new names for their study and approval. "I believe in a week or two we will be operating under a new name," Hancock said.

Collor: Government Implementing 'Big Project'

PY0108182991 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jul 91 p 8

[First of a series of three articles written by President Fernando Collor de Mello: "The Big Project, a Vision of the Future"]

[Excerpts] Through the document entitled "Brazil: A National Reconstruction Project," the government sought to expand the scope of its program by outlining a number of proposals and measures that were meant to be examined by society and to serve as a basis for democratically defining the course and the priorities for promoting the country's development. This initiative stemmed from a widespread conviction that we needed far-reaching changes and that these changes should be translated into a widely accepted project on the modern Brazil we want to build.

When the project was launched in March, some claimed that it would be short-lived. Following a reshuffle of my closest economic aides, some people said they were "sure" the project would be pushed aside.

The facts, however, show an altogether different reality. Our "Big Project" is alive and it continues to lend substance and coherence to the government's overall actions.

One testimony to my work methodology at Planalto Palace speaks for itself; on my desk are reports which are permanently updated on the status of each measure or proposal adopted to implement the project. These reports also contain timetables of actions to be implemented within the next few months. [passage omitted]

Those who described the "Big Project" as a rhetorical, abstract document have been proved wrong. In my next article I will prove, with specific data, that the government's main actions have consistently followed the guidelines in the project in the short, medium, and long term. [passage omitted]

More on National Reconstruction

PY0208021491 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jul 91 p 2

[Second in a series of three articles by President Fernando Collor: "Big Project: Results"]

[Text] The National Reconstruction Project has yielded results that are now realities in our daily lives. In this second article on the "Big Project," I want to call society's attention to some of these results.

The steady philosophy of that document has been guiding the government's actions since March 1990. Therefore, a question is in order: Why draw up the document one year after the inauguration? First, we wanted to present our strategy in a more organized manner. Although a good part of the strategy had already been implemented, we understood that the time had come to enhance some aspects, especially those of a structural nature, which must be protected by a consensus of Brazilians. This is the case, for example, with the administrative reform that was advanced during the first months of our administration, but now requires the solution of delicate, polemical issues.

Second, the "Big Project" meets a political need for an organized handling of our various actions and proposals, especially before the legislative branch. In that context, the government's work has a more distinct global meaning and a relationship between the short and long terms. Since it is not possible to deal with all matters at the same level of priority, the project collected a group of essential measures that deserved special treatment.

The National Congress has expressed tact in connection with the initiatives, which, originating from the executive branch or even the legislative branch, converge on the line of modernization that we are advocating. During our meetings with congressional leaders from various parties, we have worked with reasonable success to keep the "Big Project" on schedule so that the outcome of discussions on certain matters will make room for the assessment of proposals that have already been raised and others that will follow. In this process, as I will show, a lot has already been done.

Early in June I sanctioned bills, which had been approved by Congress, dealing with the following matters: IPI [Industrialized Products Tax] exemptions, higher depreciation rates for machines and equipment, and financing for exports. In April, I sanctioned a supplementary bill on Goods and Services Movement Tax exemptions for raw materials for export products. All these bills, which are among the "Big Project's" priority objectives, are aimed at reorganizing the industrial sector of the economy and making it competitive. These bills, along with the Law on Social Security Funding and Allowances—which is a key instrument for meeting the longstanding demands of workers—are important examples of cooperation between the executive and legislative branches in the effort to modernize Brazil. It should be noted that the executive branch has adopted the following measures to meet objectives established in the "Big Project:" Creation of the Social Development Fund, regulation of economic development bonds, implementation of the state supervised company management program, publication of the call for bids for the sale of Usiminas [Minas Gerais Iron and Steel Mills, Inc.], regulation of foreign institutions' investments in Brazil's stock markets, reformulation of the Guarantee for Agriculture and Livestock Activity Support Program [Proagro], acceleration of the collection of overdue debts, and the release of frozen cruzados for payment of such debts. As for the project aimed at meeting social demands, we should mention—as ongoing projects—the My Fellow Countrymen Project, which is a comprehensive program for children and youths; extension of the school breakfast program; and the financing of 404,000 houses for low-income people

nationwide through the Immediate Housing Construction Plan [Plano de Acao Imediata de Habitacao].

I also note the significant progress made by the Federal Deregulation Program—which, among other achievements, allowed for the elimination of 107,000 decrees—and the Single Health System [Sistema Unico de Saude]. As for preservation of the environment, the government encouraged society to adopt a new attitude and promoted initiatives such as the project for improving environmental conditions in Rio de Janeiro, which provides for an investment of approximately $3.6 billion until the year 2000.

These are some of the "Big Project's" concrete achievements. We can also mention several measures that have been submitted to Congress as draft bills or supplemental bills dealing with the following matters: the modernization of relations between employers and workers; fiscal incentives; the taxation of huge fortunes; a new industrial property code; the awarding of concessions for public services; incentives for personnel training; deregulation of port services; the new sports code; the new salary policy; the tenants law; and a general readjustment of public servants' salaries.

The public is already aware that several of these initiatives have been intensively debated in Congress and by several social organizations. This shows that we have been able to meet the two basic goals of the National Reconstruction Project: To make progress in the effort to modernize Brazil's social and economic sectors and to awaken the people's conscience in order to meet the challenge of reaching a broad understanding among all sectors, as an essential precondition for the transformation of Brazil.

Minister Explains Guidelines in Freeing Cruzados

PY0208023491 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jul 91 Economic Section p 3

[Text] Brasilia—President Fernando Collor de Mello yesterday called the leaders of all the parties who support the government to a meeting in order to present them with proposals calling for an early withdrawal of new cruzados. The meeting lasted approximately two hours, and at the end, President Collor told Economy Minister Marcilio Marques Moreira to announce the decision.

The minister's primary concern was to convey tranquillity to the people with regard to the recovery of withheld cruzados, "with no haste and no bureaucracy, but with absolute freedom to spend them however they want," in an attempt "to fulfill a commitment assumed 500 days ago."

Marques Moreira explained that when the president asked him to study the impact and manner of withdrawing the cruzados, he gave him five master guidelines to be followed:

- To fully and in a timely manner fulfill the commitment, which was assumed 500 days ago, of returning all withheld new cruzados, converted into cruzeiros with the interest stipulated at that time.

- To take care of the owners of small savings accounts on a priority basis and as quickly and simply as possible.

- To create a mechanism that will free the owners of new cruzados from the burden of any bureaucratic transactions and complications that could hamper their free, immediate, and clear access to the converted cruzados.

- To take into account the possible positive or negative macroeconomic repercussions of that decision, so that it will be fully consistent with economic and financial policies.

- To find a formula to convey tranquillity to all savings accounts depositors, who must be certain of having access to those cruzados, without haste and problems, and with absolute freedom to spend them after conversion.

According to the minister, the decision to move up the date for the withdrawal of cruzados, "in addition to restoring public belief in the government, will not have negative macroeconomic effects." He added that this measure "will have only positive effects because, on restoring credibility in the government, it will ensure continuation of the monetary policy that is the basis of the economic and financial policy."

The economy minister added that the president wanted the announcement on the decision to move up the date for withdrawal of the cruzados "to be made today so depositors will not only be calm but will have sufficient time to make their calculations and plans on how to use their assets."

Referring to government concern over this matter, the minister cited a poll published by O ESTADO DE SAO PAULO on 28 July saying that 49 percent of the people who had their money withheld, believe in the possibility of a new freeze. He concluded by saying: "I think early withdrawal is something that is extremely important for increasing the people's belief and confidence in the president, in the institutions, in commitments, in laws, and in financial instruments."

Japanese Investment Reportedly Conditional

PY0208031691 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jul Economic Section p 6

[Excerpt] Central Bank President Francisco Gros said in Rio de Janeiro yesterday that it is still too early to talk about new Japanese investments in Brazil. He returned yesterday after staying in Japan a few days. Gros said Brazil's overdue foreign debt with Japanese Government organizations is $2 billion (6[illegible] billion cruzeiros), not including the debt with private banks.

Gros explained that new Japanese investments are conditioned on payment of the overdue debt. He said that even private initiatives invest in partnership with the Japanese Government.

Gros said he did not go to Japan to negotiate the foreign debt or new investments. He said: "I went to Japan to make explanations in preparation for Economy Minister Marcilio Marques Moreira's visit to Japan next September."

Gros evaluated his visit to Japan as a mission to settle the dispute prevailing between the two governments and also with private banks. He said the conflicts "are basically the overdue Brazilian debt because the creditors want to get what Brazil failed to pay."

Gros said: "That was the first step and the same steps will be taken with other countries to get new investments."

Gros added that the contacts he made with Japanese officials and private banks were good, but negotiations are being conducted by a team that will submit a proposal to the committee of creditor banks in mid-August. [passage omitted]

Uruguayan Officials Release Brazilian Vessel

PY0208003591 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 1 Aug 91

[Text] Uruguayan officials have released a Brazilian fishing boat that had been captured in Uruguayan territorial waters and taken, five days ago, to the port of La Paloma.

Uruguayan experts have confirmed the allegation of the Brazilian ship's owner that the violation of Uruguayan waters was an involuntary mistake caused by mechanical failure.

Petrobras 'To Double' Oil Production in 10 Years

PY0108235391 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jul 91 Economic Section p 5

[report from Joelmir Beting's column: "In Deep Waters"]

[Text] Petroleum companies from England, Norway, and Canada are keeping a very careful watch on the deep-sea and oil-prospecting technology developed by Petrobras [Brazilian Petroleum Corporations]. The drilling of the Marlim 4 well, in 752 meters of water, in Campos Basin has confirmed the leading role of Petrobras in deep-water prospecting. Although drilled at a record depth, Marlim 4 is producing petroleum at a cost of $9 per barrel, just half the international price. If the initial output of 6,000 barrels per day is maintained, Marlim 4 will fully repay the investment by Petrobras in the well within two years. If Petrobras has sufficient financial resources to take the best advantage of the fabulous deposits of the Marlim and Albacora wells (estimated at approximately 4 billion barrels), within 10 years Brazil will have doubled its current national production. Petrobras foresees a daily production of 1.2 million barrels by the year 2001.

Farm Workers Union Leader Murdered in Amazonas

PY0108181991 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 1 Aug 91

[Text] The National Confederation of Farm Workers [Contag] has informed Justice Minister Jarbas Passarinho of the murder of Darcy Araujo, a trade union delegate in Maues, Amazonas State. Araujo's body—which was found on a municipal road—was riddled with bullets fired from a .38-caliber revolver.

Contag has noted that 12 trade union leaders have been murdered thus far this year.

Chile

Aylwin on IDB Loan To Refurbish Hospitals

PY0108234591 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 1 Aug 91

[Summary] During a ceremony to celebrate the 200th anniversary of the foundation of the town of Los Andes, President Patricio Aylwin announced that the government will invest $21 million in improving the level of the San Felipe and Los Andes Hospitals. He added that the project, which will be financed through a loan from the Inter-American Development Bank, IDB, will start later this year.

He explained that $12 million will be used to finish building the San Felipe Hospital and to purchase the required equipment, and $9 million will be used to enlarge the Los Andes Hospital and to upgrade its equipment.

New Air Force Chief of Staff Installed

PY0108193591 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 1 Aug 91

[Reported by Alejandro Machuca]

[Text] General Ramon Vega Hidalgo was installed as the commander in chief of the Chilean Air Force [FACh] at 1200 today. He replaces General Fernando Matthei, who has retired after 13 years as the FACh commander in chief.

Gen. Matthei, in the company of Defense Minister Patricio Rojas, reviewed the troops for the last time. Government officials and congressmen attended the ceremony on the apron of the Captain Davalos Aviation School, during which Gen. Matthei relinquished his command. In his speech to his colleagues, the new commander in chief said that the FACh will continue to progress, respect the government, and serve the fatherland. Gen. Matthei recalled the ideals that guided his career in the FACh and in the government junta. He emphasized his role in the democratic transition process:

[Begin Matthei recording] It was not easy for us to comprehend what a democratic government would mean to us because we had forgotten what it was like to have a democratic government. To some, the idea of having the Armed Forces submitted to the political power was a traumatic experience. [end recording]

Gen. Matthei's last words have elicited diverse reactions. Defense Minister Rojas said that the former commander in chief's words will be a testimony for future generations who analyze recent events in Chile.

[Begin Rojas recording] I want to specifically praise Gen. Matthei's exemplary example of stepping aside to allow that another man to head the institution through the unknown challenges of the future. [end recording]

The ceremony ended with a parade, while fighter and training planes overflew the Aviation School.

According to the Constitution, Gen. Ramon Vega will be the Air Force commander in chief for four years.

Judge Reopens Former Minister Letelier Case

PY0108165291 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 1 Aug 91

[Excerpts] Judge Adolfo Banado Cuadra has decided to reopen the case of former Foreign Minister Orlando Letelier's murder. Judge Banado asked to read the report handed to the U.S. courts by Cubans Virgilio Paz and Jose Dionisio Suarez.

In the request, which was handed to the Supreme Court Secretariat, Judge Banado asks for U.S. court data on anti-Castro Cubans Paz and Suarez, who have admitted their participation in the murder of the former Chilean minister and his secretary, Ronnie Moffit. [passage omitted]

Lawyer Fabiola Letelier, who expressed her satisfaction over Judge Banado's decision, reported that a case will be filed against General Mario Contreras, Colonel Pedro Espinoza, and those found guilty of the murder. Lawyer Letelier also revealed that the Interior Ministry has data on the Cubans involved in Letelier's murder in Washington.

[Begin Letelier recording] We have been informed that the Interior Ministry has received data on the other Cubans. [end recording] [passage omitted]

Government, Private Companies Build Copper Mill

PY0208011591 Santiago Radio Cooperativa Network in Spanish 2300 GMT 31 Jul 91

[Text] Mining Minister Juan Hamilton and Finance Minister Alejandro Foxley have confirmed the government's support for a project to build a copper and other metals smelting and refining mill. A mixed enterprise has been created for the purpose. The state will be represented by the National Mining Enterprise, Enami, on equal footing with four private companies: one Belgian, one Canadian, one Brazilian, one Chilean.

The Pacific Project is viewed as a way to increase Chilean exports, Hamilton and Foxley said. The project requires investments of over $500 million and the mill would handle about 600,000 metric tonnes of concentrated ore per year and process 200,000 metric tonnes of (blister) copper, mainly into cathodes.

Minister Confirms Resignation of Two Mayors

PY0108235091 Santiago Radio Cooperativa Network in Spanish 2300 GMT 31 Jul 91

[Excerpts] Interior Minister Enrique Krauss has confirmed the separation of the mayors of Vina del Mar and Las Condes from their positions. The minister had repeatedly denied this news in previous days.

Krauss said Vina del Mar Mayor Juan Trejo had submitted his resignation and expressed his desire to work in another position of trust with the present administration. Krauss added that Trejo's resignation was accepted and the mayor is presently on vacation.

Krauss said Las Condes Mayor Sergio Trucco was asked to resign and added that his resignation was requested for no specific reason. Krauss said the president of the Republic can request the resignation of any public employee whenever he wishes. [passage omitted]

Resigning Las Condes Mayor Sergio Trucco said this afternoon that his separation was not due to political reasons, but strictly administrative reasons. Trucco was notified of his separation by Interior Under Secretary Belisario Velasco. During a news conference at the mayor's office, Sergio Trucco said he was asked to resign to facilitate the division of Las Condes into three communities. [passage omitted]

Trucco said Lawyer Rodolfo Letelier, who is presently working for the municipality, will be acting mayor after he leaves.

* Finance Minister Discusses Economic Program

91SM0409A Santiago QUE PASA in Spanish 24 Jun 91 pp 4-7

[Interview with Minister of Finance Alejandro Foxley by Bernardita del Solar and Maria Teresa Aguirre on 21 June 1991 in his office; first two paragraphs are an editorial introduction]

[Text] The minister of finance analyzed the present challenges facing the country and stated that in the 21st century Chilean businessmen will have to compete directly with the most developed nations.

The dizzying pace of Minister of Finance Alejandro Foxley's routine was even faster last week. Traveling to Valparaiso and the marathon sessions of Congress, during which he had to repeat again and again the details of his economic program, left him exhausted. When Foxley received representatives of QUE PASA in his office on 21 June, he complained: "I think that holding Congressional sessions in

Valparaiso is wearing everyone out. We must find a solution to this problem." However, when we discussed the Chilean economy, no complaints were heard from the minister. Convinced that during his first 16 months in office he has not disappointed expectations, Foxley sketched a brilliant future, both when he spoke of the possible trade balance in 1991 as well as when he referred to the prospects which will open up during the 21st century. The minister used a condescending kind of irony with those who do not share his optimism. He said: "Buchi and Pinera entered political life with a mistaken view of things. However, there still is time for them to correct it." In any case, no one knows as well as the minister that he is exposed to being the principal target for criticism and pressure.

[QUE PASA] Are you satisfied with the results of the negotiations on approving the package of economic measures?

[Foxley] Very satisfied. A Congress which, in a period of 48 hours, approves a package of economic measures of the complexity which we proposed, leaving it intact for the most part, is an example for any democracy.

[QUE PASA] Why were customs duties reduced to 11 percent and not to the 10 percent level, which was what some opposition figures had proposed?

[Foxley] We would like to send a very strong signal that exports are the key to development. We are studying how much to reduce customs duties without damaging domestic industry, while providing it with a margin for adaptation. Furthermore, we had to finance the $200 million which we were no longer going to collect through taxation. It was this aspect which determined the four points in the program. As we did not want to introduce other taxes, it was enough to increase the revenue stamp tax and the tax on gasoline, plus the reserve from the Central Bank.

[QUE PASA] Will not the bank reserve on foreign loans be contrary to the direction in which we should move in opening up the capital account?

[Foxley] Certainly. We are going to continue opening up the capital account. However, allowing completely free entry of capital would exercise strong, upward pressure on the exchange rate. You have to choose. You cannot have a good rate of exchange for exports and leave the entry of capital absolutely free. That would make it necessary to revalue the currency upwards, providing a disincentive for exports.

[QUE PASA] The origin of the excessive amount of foreign exchange is not very clear. In the view of some people this involves speculative capital, while others speak of a more permanent change. What is the government's view?

[Foxley] Both of these views are correct. In 1990 there was a substantial receipt of short term capital. In 1991 exports will grow about 12 percent, and imports have not gone up. The export sector will continue growing very strongly, and the receipt of middle and long term capital also looks good. So that the country could go on accumulating foreign exchange reserves on a permanent basis. However, we have to resolve the current problem, and to do this, the Central Bank reserve and a tax on foreign loans were enacted. On the other hand the reduction of customs duties is aimed at the longer term future as a way of encouraging the exporters.

[QUE PASA] With the measures which have been adopted will it be possible to achieve the goals for inflation which were proposed at the beginning of 1991?

[Foxley] I have always said that we will end 1991 with an increase in the IPC [Consumer Price Index] of about 18 percent. I have no crystal ball to predict the exact figure, but it will be in that order of magnitude, together with a growth rate of about five percent in gross national product.

[QUE PASA] How do you answer those opposition figures who say that the solution to the inflationary process is to apply the brakes to budgetary expenditure?

[Foxley] I would ask them where we would apply the brakes. We would have to have reduced expenditures by $200 million, which is equal to the total amount spent on the housing construction program in one year or the annual public works program and highway construction. If we do not wish to touch social expenditures, nor expenditures on public works, then the only thing left is to reduce expenditures on defense. I invite them to tell me where reductions should be made. I have seen no concrete proposals.

[QUE PASA] Roberto Fantuzzi has said that the reduction in customs duties would have a negative effect on the competitiveness of exports.

[Foxley] I do not agree. The reduction in customs duties will benefit almost all producers, because it will reduce the cost of imported inputs. If the businessmen had paid attention to us when we said that we would intensify the internationalization of the economy, by now they could have modernized their equipment and increased their productivity. I say to those who have not done this to get busy, because this course is irreversible. We are going to reach a level of zero customs duties with Mexico, Venezuela, and eventually with the United States. I hope that we will reach this level with the European Economic Community.

[QUE PASA] Will the reduction in customs duties interfere with the negotiations on a treaty with Mexico?

[Foxley] Mexico has also been reducing its customs duties. Several countries of Latin America are doing so because they are preparing for the economy of the 21st century, which will be much more open than the present economy. There will be fierce competition for markets. Those who do not prepare for this in time will have to resign themselves to mediocre economic development. During the 21st century we will compete directly with the strongest economies in the world. I am confident that Chilean businessmen and workers will be able to do this.

[QUE PASA] You said that there has not been any substantial growth in imports. Is this not a reflection of a fall in the level of investment?

[Foxley] At the end of 1990 the businessmen did not believe us when we said that economic recovery was coming. That made them operate on the basis of existing stocks. As the level of stocks declined, they felt that demand was growing strongly and they increased their sales margins, with some impact on the level of prices. Now production and imports are being normalized, a process which we are going to accelerate through the reduction of customs duties. In fact IMACEC [Institute for the Measurement of Economic Activity] figures for April show a 4.6 percent increase in the level of economic activity. The economy is going to grow in 1991.

[QUE PASA] By more than 5 percent?

[Foxley] It is going to grow strongly.

[QUE PASA] There are those who criticize the government for a lack of boldness because they say that Chile can and should grow at rates of more than 5 percent.

[Foxley] Do they think that it was a lack of boldness to propose to President Bush—five days after the Initiative for the Americas was announced—to negotiate on the following Monday a free trade agreement with the United States, on the basis of direct discussions, and the reciprocal opening of the two economies on an equal basis?

[QUE PASA] And regarding a higher rate of growth?

[Foxley] Professor Harberger has answered this. If the economy grows artificially in one year at a 9percent rate, it is inevitable that economic activity will decline to 2 percent in the following year because the capacity for growth of the Chilean economy is between 4 and 5 percent. And this capacity for growth is greater than the average of 3 percent by which the economy grew during the 17 years under the authoritarian government. I would call that result mediocre growth.

[QUE PASA] To maintain an average growth of 5 percent, investment is the key. It is estimated that during 1991 the rate of investment will be less than it was in 1990, when it reached a record level.

[Foxley] There is a favorable climate for investment and business, which proves that the government has kept its word. There is business confidence. One reflection of this is the stock market, which strengthened after the announcement of the most recent economic measures. There is also a great deal of confidence among international investors. I would be lacking in modesty if I repeated the comments they make about the administration of Chilean economic policy. However, international investors take a very positive view of things. There are future investment projects amounting to $15 billion, which leaves me very satisfied.

[QUE PASA] You say that businessmen are beginning to believe more fully in the government economic team. However, there are still problems of credibility, for example, regarding privatizations.

[Foxley] The criticism which the opposition has expressed on this matter is ideological in nature because privatizations are no longer a significant problem. The alternative now is how to direct private savings toward investment in new companies and not toward buying up those already existing. We are not going to privatize large companies such as Codelco [Chilean Copper Corporation], Enap [National Petroleum Enterprise], and Enami [National Mining Enterprise] for any reason. The state owned companies which remain are smaller in size and would not in any way change the rate of growth of the economy.

[QUE PASA] The previous government intended to privatize Ferrocarriles [Chilean Railways] but did not do so. This initiative has caused strong criticism of the government on the part of the workers, supported by the CUT [United Labor Federation]. What is your position on this situation?

[Foxley] This gives the lie to those who say that it is hard for this government to make difficult decisions. We represent the general interest of the country and not that of particular sectors of it. We have good relationships with the CUT and trade union organizations. However, this does not imply that we always agree with them or that we are going to be paralyzed because they are opposed to a given course of action.

[QUE PASA] Has your perception of economic problems changed now that you have responsibility for seeking solutions to those problems?

[Foxley] This is a very hard and complex job, not only in terms of the number of hours which I must spend at it, but also because of the pressures which I am under. It is almost inevitable that the minister of finance will turn out to be the "guilty" party when things cannot be done better or more rapidly. This is a situation which is a little unfair, and you have to have a great deal of serenity not to get upset. The management of the economy requires carefully combining technical and political aspects. If we have some advantage over our predecessors, it is because we have learned the political game and we spend time on reaching agreement with the political leaders. That makes it possible for what we are doing to have a kind of political legitimacy which previously did not exist.

[QUE PASA] There will soon be municipal elections. Do you think that you will be able to deal with the resulting pressures without giving in as Buchi did, to some extent, during the period before the plebiscite?

[Foxley] We will continue along the path of orderly development of the economy. This does not mean that there will not be any conflicts in the allocation of resources, as happens with any government. However, when he has needed to reaffirm his desire to maintain an overall economic equilibrium, fight against inflation, and not spend more than he has, the president, along

with the rest of the cabinet, has always done this. And that is going to continue in the future.

[QUE PASA] What do you think of the criticism from the opposition?

[Foxley] Criticism helps us because we continue to refine the decisions which we have made and to make them more acceptable to the people. Criticism also teaches us to be more modest in what we propose. Furthermore, I believe that it helps the people to know that we are not technocrats who feel superior to the rest of the people and that all of our decisions must be respected.

[QUE PASA] What was the most difficult moment in the past 16 months?

[Foxley] The most thankless aspect of this job is to resist the daily pressures. It is also hard to resign myself to the fact that, despite the enormous effort made on social questions, we have only been able to alleviate partially the extreme poverty which continues to be an overwhelming problem in Chile.

[QUE PASA] And what was the most satisfying moment?

[Foxley] When the tax reform program was approved in Congress, because that meant that in 1991 we could spend about $1.0 billion more on the most deprived groups among the people.

[QUE PASA] The people do not see that there has been an increase in social spending, particularly in the health sector. What would you say to them?

[Foxley] In general we have gone slower on social programs than we hoped to do, and we have to improve our performance.

[QUE PASA] What did you think about the mark which Professor Harberger gave to the Chilean economy?

[Foxley] I felt good about it. I value what he did because it was a gesture of courage on his part. I am not very close to him. On many occasions in international forums we have had heated discussions. His views reflect professional seriousness because he must have been under considerable pressure not to say what he said. That speaks very well of him.

[QUE PASA] What kind of mark would you give Buchi and Pinera as members of the opposition?

[Foxley] I think that they have taken the wrong path. I am not speaking about their technical ability. When they had the opportunity to do so, they made an effort to contribute to the development of the economy. However, they entered political life all of a sudden and they do not understand that their political views are out of touch with Chilean politics during the period since the end of the authoritarian government. The political leaders who expressed themselves in favor of the agreements have stronger support from public opinion. Others, who appear every day in the press expressing strident and exaggerated criticism, are in last place in the polls. Buchi and Pinera entered political life with a mistaken view of things, but they still have time to correct it.

[QUE PASA] What do you like most about Chilean businessmen?

[Foxley] I like the fact that they are facing the future with boldness, creativity, and in a very practical way, with investments and job creation. For the most part they have understood very well what the democratic government is trying to do.

[QUE PASA] What bothers you about them?

[Foxley] The changeability of their emotions exasperates me. They move quickly from positions of unjustified, excessive euphoria to an excessive and equally unjustified pessimism. Harberger told Buchi and Pinera that they should be a little more like the Swiss. I would say to Chilean businessmen that I wish that they would be a little more German.

[QUE PASA] Former cabinet minister De Castro is remembered for having been the developer of the current economic model and Hernan Buchi for having consolidated it. How would you like people to remember Foxley?

[Foxley] As a minister who tried to apply a truly national kind of policy, who tried to listen to all sectors, who tried with the best of his energy and ability to help the poorest groups among the people.

[QUE PASA] Can we hope to have a former minister of finance as president of Chile?

[Foxley] I think not. It is very difficult, because a minister of finance is subject to too much criticism. Therefore, I would not even think of myself in such a position.

Colombia

Drug Trafficker Escobar Accuses DAS of Murder

PA0108170891 Hamburg DPA in Spanish 1534 GMT 1 Aug 91

[Text] Paris, 1 Aug (DPA)—Imprisoned drug trafficker Pablo Escobar Gaviria, leader of the so-called Medellin Cartel, has accused the Administrative Department of Security [DAS]—the country's secret police—of murdering presidential candidates Luis Carlos Galan, Bernardo Jaramillo, and Carlos Pizarro.

Escobar Gaviria, who surrendered to Colombian authorities on 19 June after being guaranteed that he would not be turned over to the United States, made those statements in writing to respond to questions posed by French weekly L'EVENEMENT DU JEUDI that were published today in Paris.

According to the drug lord, the three presidential candidates were murdered on orders from DAS Director General Miguel Maza Marquez, who harbored his own presidential ambitions. "As far as I am concerned, I am accusing a sector of the (Colombian) Police. I am accusing certain officers linked to the Cali Cartel of (brothers Gilberto and Mario) Rodriguez Orejuela," Escobar stated.

Commenting on the murder of Carlos Pizarro, on 26 April 1990, Escobar Gaviria said that the candidate was killed in his own airplane by a 15-year-old youth from a poor family in Medellin who had been contacted by the DAS. The DAS agents guarding Pizarro immediately killed the assassin in order to silence him. The murder weapon was hidden in the airplane's lavoratory by the DAS, the drug trafficker added.

The murder of daily EL ESPECTADOR's editor Guillermo Cano in 1986 is one of the multiple murders attributed to the drug trafficking mafia.

In his written answers to Ken Dermotta, correspondent for the French weekly, from his maximum security cell in Envigado, 10 km outside Medellin, where he is being held since last June, Escobar demanded to have "a public trial, attended by the people who are accusing me of ordering the murders of the 1990 presidential candidates."

Regarding Henry de Jesus Perez, the leader of a peasants' self-defense clandestine paramilitary group who was gunned down on 20 July by four heavily armed men, presumably on orders from the Medellin Cartel, Escobar Gaviria told the weekly that his relations with Perez had "deteriorated."

According to L'EVENEMENT DU JEUDI, reporter Dermotta delivered the questionnaire to the drug lord last July. After reiterating his well-known stance that the only way to eliminate drug traffickers is to legalize drugs, Escobar Gavira said: "I am sacrificing myself for Colombia," as his contribution to improve the country's future.

Aide to Pablo Escobar Surrenders in Antioquia

PA0208013991 Bogota Inravision Television Cadena 1 in Spanish 0012 GMT 2 Aug 91

[Text] Twenty-three-year old Luis Fernando Henao Giraldo, who is considered to be one of Pablo Escobar Gaviria's trusted aides, has surrendered to authorities in the Antioquia Department. The national directorate for criminal investigations reported that it does not yet have full details of the criminal background of Henao Giraldo.

Authorities believe he is a member of the top leadership of the drug cartel. The Directorate of Judicial Police and Investigations [Dijin] files show that he has been involved in the work of hired assassins but no specific charges were filed against him. Personal details indicate he was born in Medellin and is 23-years old. Unlike the other 14 drug traffickers being held at the Envigado jail, Henao Giraldo does not have an alias. When he appeared before the regional director of criminal investigations, he became part of the group who took advantage of the decrees on the reduction of sentences, despite the obstacles that have emerged in this process. This confirms what was reported during the recent surrender of Urquijo Gaviria, cousin of Pablo Escobar; that at least 10 more drug traffickers close to Pablo Escobar will be surrendering to the authorities.

Statistics Say Murder Leading Cause of Death

PA0108152791 Bogota Radio Cadena Nacional in Spanish 1216 GMT 1 Aug 91

[Text] Santa Fe de Bogota—Murder has become the leading cause of death in Colombia, according to a National Statistics Institute [DANE] report.

Over the past 10 years, violent death leads the number of deaths caused by cancer and heart ailments. Out of every 10 people murdered, nine are males between 22 and 30 years old. DANE said that the highest murder rate occurs in Antioquia, where 10,302 people were killed in 1990. Colombia's least violent departments are Choco and Sucre.

Five Bodies, FARC Arms Found in Mass Grave

PA0108152491 Bogota Radio Cadena Nacional in Spanish 1216 GMT 1 Aug 91

[Text] Bucaramanga—Soldiers found five bodies in a mass grave at the border between the departments of Santander and Boyaca, sources of the 2d Infantry Division stationed in Bucaramanga have reported to this radio station.

Preliminary reports indicated that arms and documents of the Revolutionary Armed Forces of Colombia [FARC] were found in the grave. The possibility of finding more bodies at the site has not been ruled out. Experts of the Judicial Police and judges have been asked to initiate an investigation and do the proper autopsies.

Paraguay

Central Bank Measures To Lower Cost of Money

PY0108183291 Asuncion NOTICIAS in Spanish 31 Jul 91 p 13

[Text] The government yesterday authorized the reduction of legal reserves on local currency deposits from 37 to 30 percent and the increase of legal reserves on foreign currency from 20 to 25 percent, reported the Central Bank president. He also announced that interest rates on rediscount lines (money made available to commercial banks for agricultural loans) will be reduced from 27 to 24 percent, a reduction that will immediately affect the interest rates on an industrial rediscount line of approximately $23 million that is already available.

Central Bank President Jose Enrique Paez also announced a package of measures "intended to make the financing of production sectors more flexible in the final

half of this year. To that effect, the banking system's legal reserves have been reduced from 37 to 30 percent on local currency deposits."

He explained that as the legal reserves are reduced, "a considerable amount of money is being released to increase the system's liquidity and to channel resources to the production sectors."

The monetary authority also expects interest rates in the financial system to gradually decrease, following the reduction in the rediscount rates. Dr. Paez said: "In practice, the BCP [Paraguay Central Bank] rediscount rates act as a reference for interest rates in the banking system. The reduction of the legal reserves level, in addition to increasing the financial system's liquidity, brings down the cost of money. This will logically effect a reduction in the system's borrowing and lending rates."

The BCP seeks the unification of the levels of legal reserves and the expansion of liquidity in the monetary system. At the same time, the BCP will step up control through the bank's superintendency, which will oversee the bank's daily operations.

Dr. Paez also said that these measures are the government's answer to repeated requests from the private sector. FEPRINCO [Commerce, Industry, and Production Federation] has been requesting for some time that legal reserves be reduced so the money can energize production sectors instead of lying idle in the Central Bank.

The BCP president was asked about the control system that will be implemented so the greater liquidity generated by the reduction of legal reserves will not be directed to financial speculation. He said that with the auction of the Monetary Regulation Letters, "there will be a restrictive effect, and, in addition, the bank's superintendency will adopt measures."

He also announced: "The legal reserves for nonbank financial institutions will be increased to some extent in order to curb speculative operations. The necessary measures also have been taken by increasing the legal reserves for operations related to securities trust from 0 to 15 percent."

Central Bank's Policy Reduces Inflation Rate

PY0108190891 Asuncion ABC COLOR in Spanish 31 Jul 91 p 15

[Summary] As a result of the Central Bank's restrictive policy, the national inflation rate has decreased from the 44 percent registered in 1990. Last July, the inflation rate was less than 1 percent. From January to July 1991, the accumulated inflation rate was 7 percent, while in 1990 it registered 25.6 percent in the same period of time.

Military Leaders, Bishops Discuss Reconciliation

PY0108172491 Asuncion HOY in Spanish 31 Jul 91 p 8

[Quotation marks as published]

[Text] High-ranking military and Catholic Church leaders met yesterday in the first meeting of this type in our country's history. During the meeting, the military and church leaders discussed the national reconciliation issue and the military men's desire to also participate in the democratic process. The bishops clearly defined their position of not confusing "reconciliation" for "impunity." General Anibal Regis Romero, a military commission member involved in the civilian-military dialogue, has said that the Armed Forces want to definitely dispel society's doubts about the military leadership's true sentiment. He emphasized: "We support reconciliation but not total impunity."

It was reported yesterday that, during the first encounter between the Armed Forces leadership and the church hierarchy, within the framework of the "civilian-military dialogue" promoted by the Republic's president, General Andres Rodriguez, the military leaders raised the need for a national reconciliation, but the bishops immediately defined their position by raising the need of not confusing reconciliation for impunity."

The meeting was held behind closed doors at the private residence of Gen. Regis Romero, chief of the Republic's president's military household. Seven high-ranking military leaders, who are members of the military commission engaged in maintaining contacts with various sectors in the country, participated in the meeting with the local Catholic Church's main leaders.

Representing the Armed Forces at the meeting were [Vice Admiral] Eduardo Gonzalez Petit and [Army] Generals Lino Cesar Oviedo, Emilio Balbuena, Eumelio Bernal, Dionisio Cabello, Humberto Garcete, and house owner Regis Romero. Representing the church were Monsignor Jorge Livieres Banks, the president of the Paraguayan Bishops Conference (CEP); CEP Secretary General Monsignor Celso Yegros; and Asuncion Archbishop Monsignor Felipe Santiago Benitez.

After the meeting, Bishop Celso Yegros said that general issues were discussed during this first contact although other issues, such as the "nation's moral cleaning up, corruption, and the need for reconciliation, also were raised." We also talked about the need for "not confusing reconciliation for impunity," he pointed out.

For his part, military spokesman Gen. Regis Romero indicated: "We military men support national reconciliation, but not total impunity." "In no way will the Armed Forces excuse that," he emphasized.

Asked about the existence or nonexistence of an interest by military men in suggesting a law "of expiration," similar to the ones implemented in neighboring countries like Argentina, Uruguay, etc., pardoning human

rights violations or military corruption cases, the high-ranking military leader said: "We are not the most suitable people to suggest that, but the Armed Forces will interpret the citizens' sentiment."

Gen. Regis Romero emphasized: "The president of the Republic wants this working team to meet with all of society's sectors in order to reduce the impact of the citizens' distrust of the military leadership."

Gen. Regis Romero stressed: "We want the citizens' doubts about the military leadership to definitely disappear and this is what we want to definitely erase." He added: "We are beginning a dialogue in order to bring the Armed Forces and civilian society closer."

Regis Romero noted that doubt about the military leadership existed because "the citizenry believes we are tutoring any political activity and that we consider ourselves indispensable in the good progress of government activities, and this is not so."

Asked whether the prevailing corruption, especially at the borders, a corruption in which some generals are reportedly involved, is the source of the doubts and distrust, the military leader said: The citizenry must assess the conduct of the generals. If that is what they are saying, we will demonstrate the contrary because each one of us is responsible for our own conduct."

Today, the round of talks will continue with a group of congressmen. It has been reported that there will be meetings with the trade unions, entrepreneurs, and, afterward, also with the press.

Discussing yesterday's encounter, Bishop Celso Yegros emphasized: "The Armed Forces want to make themselves known and participate in national activities, according to their position and to the country's laws. They also want to participate in this democratic process."

Second Meeting on Army Reorganization Held

PY0108211991 Asuncion ABC COLOR in Spanish 1 Aug 91 p 2

[Text] Brigade General Lino Cesar Oviedo said yesterday: "The entire Paraguayan Government structure must be optimized so that the right people hold the proper posts based on their capability and their integrity." Gen. Oviedo made this statement at the end of the second meeting in which members of the civilian-military dialogue committee met with several senators at the residence of General Anibal Regis Romero.

The second round of negotiations between the group of generals and the senators to discuss amendments to Law 832 on the Armed Forces organization was held yesterday. The first meeting was held on 29 July.

At the end of the meeting Gen. Oviedo reasserted that the objective is to reorganize the Armed Forces, and "to optimize them, making them more effective, more dignified."

Asked whether another issue was discussed during the meeting, Gen. Oviedo said that all dialogue, anywhere in the world, helps to overcome disagreements. He added that no two people are alike, even the fingers of one hand are not all alike. Oviedo noted: "Each individual upholds his own views because we come from different backgrounds. I am certain that through negotiations we will be able to achieve the consensus to which the Paraguayan people aspire, a consensus through which we can improve the situation of all the people."

Asked whether this consensus is based on Armed Forces aspirations or if they are prepared to give ground, Gen. Oviedo said: "The Armed Forces are not proposing any increases. Quite the contrary. We want to improve the current organizational structure because it is outdated and obsolete. This is not just the case of the Armed Forces. I am sure you will all agree that the entire Paraguayan Government structure must be improved soon. The era of the paternalistic state is over. The paternalistic states of East Europe have collapsed."

After reasserting the need to optimize the Paraguayan Government, Oviedo said he is not speaking of increases or decreases, but of "optimizing, assigning institutions to develop activities within their spheres of competence, and appointing the right people to the proper posts based on their capability, their integrity, and their dedication. Talented people will flourish in a democracy because quality always wins and the truth always prevails."

All the senators and military chiefs who attended the second round of negotiations agreed that the main issue of discussion was the reorganization of the Armed Forces, and specifically the establishment of the post of an Army commander.

Interior Minister Vargas Retires From Army

PY0208011191 Asuncion ULTIMA HORA in Spanish 1 Aug 91 p 8

[Summary] The executive branch this morning promulgated Decree No. 10409, approving the retirement of Division General Orlando Machuca Vargas from the permanent cadre of the Armed Forces of the Nation.

The decree states that Machuca Vargas "asked" to be retired, a situation that "will not affect" his post of interior minister.

Resignation of Airline President Confirmed

PY0208001591 Asuncion ABC COLOR in Spanish 31 Jul 91 p 12

[Summary] Defense Minister Angel Souto Hernandez has confirmed that Paraguayan Airlines President Julio Romero Ortiz yesterday tendered his resignation in view of a number of clear signs that his administration has not been honest or successful.

Peru

Foreign Minister on BCCI Investigations

PA0208041891 Lima Global de Television Network in Spanish 0100 GMT 2 Aug 91

[Text] Prime Minister [and Foreign Minister] Carlos Torres y Torres Lara today said that the government will conduct honest investigations into the BCCI [Bank of Credit and Commerce International] scandal and will be inflexible in applying the law. He added that the government, via the Foreign Ministry, will cooperate with the Prosecutor's Office in any investigations that may need to be conducted abroad:

[Begin recording][Torres y Torres] The executive branch will act very clearly. We are waiting for corresponding charges to be filed and for the documents that will be issued by the Prosecutor's Office, which will be processed via the Foreign Ministry as soon as possible. In this case the executive branch wishes to be very honest and clear.

[Reporter] Mr. Foreign Minister, did you receive a request this morning for the Foreign Ministry to intervene and to facilitate the collection of more information abroad? What will be done?

[Torres y Torres] By the way, we have been doing just that for the past few months as part of an ongoing investigation of foreign banks. Moreover, we will give all the facilities that this case warrants to the Judicial Branch to process the corresponding documents needed abroad. The Foreign Ministry must support all actions leading to the solution of this case.

[Reporter] As for the individuals who might be involved, will the government be decisive and firm regarding any decision reached once the investigations are concluded?

[Torres y Torres] We will act with absolute honesty. We must point out that we will withhold names until the situation has been clarified. However, the government and Executive Branch will act honestly.

[Reporter] Has our international image been tarnished? Much has been said about it.

[Torres y Torres] Absolutely not, sir. We must in no way confuse the bad actions of certain officials with a country's dignity and behavior. There are criminals in all countries. [end recording]

Garcia To Return for BCCI Investigations

PA0208040891 Lima Global de Television Network in Spanish 0100 GMT 2 Aug 91

[Text] Luis Alva Castro, general secretary of the APRA [American Popular Revolutionary Alliance], stated today that his party supports a full investigation into the BCCI [Bank of Credit and Commerce International] scandal.

Mr. Alva Castro added that the transfer of funds to foreign banks may be attributed exclusively to the Central Reserve Bank [BCR] and was not a responsibility of the executive office. Mr. Alva Castro pointed out that then president Alan Garcia did not necessarily have to be aware of BCR's decision to deposit funds with BCCI.

[Begin recording] [Alva Castro] The proportions of this scandal have caused a lot of worry to all Peruvians. That is why the APRA has issued a communique, and has instructed its party members to present a proposal to both legislative chambers aimed at appointing an investigative commission. We must firmly and thoroughly investigate this matter in order to clarify the truth behind all the accusations that have been made.

[Reporter] When you were a part of the government, were you not aware that former president Alan Garcia was informed of the transfer of funds and that you as...

[Alva Castro, interrupting] Look, it has been clearly and totally established, in a document presented by the directors to the public, what legal dispositions were used to made decisions at the the BCR. [end recording]

Former President Alan Garcia will return to the country next week to publicly explain his alleged link to the BCCI scandal, Deputy Luis Alvarado Contreras announced today. He added that any APRA member found responsible in this scandal will be expelled from the party regardless of who that person might be.

[Begin recording] [Alvarado] I am a member of the investigative commission. Yesterday, I had a brief conversation with Garcia. I was pleased to listen to him; the reception was so clear that I thought he was already in Peru. When I asked him where are you, are you already in Peru, he told me not yet, but I am about to return. When will you return? I asked. He replied next week: it could be within one week or 10 days. The former Peruvian president will be back home as soon as possible to face the charges that are being injustly levelled against him and to explain the news reports on the BCCI scandal. [end recording]

World Bank Representative Resignation Reported

PA0208040191 Lima Global de Television Network in Spanish 0100 GMT 2 Aug 91

[Text] Brian Jensen has resigned as Peruvian representative to the World Bank, swept up in the BCCI [Bank of Credit and Commerce International] financial scandal, in which he is directly involved. The announcement was made by Finance and Economy Minister Carlos Bolona, who hinted that Jensen may have been forced to resign.

[Being recording] [Bolona] He is no longer our representative. He has already resigned. There have been talks and it was decided that Mr. Jensen was definitely resigning because we have other officials who can do his job. The resignation has already taken place and I believe this was one of our goals.

[Reporter] What effect has this case of alleged bribes had on the government?

[Bolona] Pardon?

[Reporter, repeating] How has this scandal affected the government...?

[Bolona, interrupting] The government is willing to cooperate in the investigation. We have the moral obligation to do our best to assist in the investigation to determine responsibility and punish the guilty as we receive other countries' requests for cooperation and assistance.

[Reporter] There are rumors that link...

[Bolona, interrupting] Excuse me. Regarding the replacement of the World Bank representative, we have a list of three names that we are studying. I do not want to release the names because we must first talk to them and get their confirmation. These may be people currently working for international organizations and they would have to leave their jobs to take up the position as assistant director.

[Reporter] [Indistinct question]

[Bolona] No. I do not see that this damages our international image and I believe that our actions are definitely important and that we must be completely open. We will fully cooperate to clarify this. [end recording]

Uruguay

Lacalle Interviewed on Criticism of Cuba's Castro

PY0108222991 Montevideo LA HORA POPULAR in Spanish 28 Jul 91 p 10

[Quotation marks as published]

[Excerpt] On 21 July LA HORA POPULAR published an article entitled: "Fidel Left Lacalle Offside" when it announced the publication of "the text of Fidel Castro's speech in Guadalajara, the speech that provoked criticism by President Lacalle." We also said in the note: "Closed matter: Lacalle was wrong in his criticism."

On 22 July President Luis Alberto Lacalle was interviewed by Emisora del Palacio during the "Perspectives" program and here is what Lacalle said:

[Lacalle] There is no doubt that we all paid attention when he began speaking because we hoped that perhaps in the middle of a sentence he would say: "Well, and now," and announce something to repair his image. But it was not to be. It was a speech from the trenches about a state of siege, the closing of doors, and about staying entrenched in his old positions. Then I said: "Well, this man, or this regime, has no intention of changing. As soon as Castro finished, the issue of Cuba was set aside because he practically said: "Look, I will continue doing things as usual." Well, that was it.

[Emisora del Palacio] Apparently you did not listen well.

[Lacalle] I did not applaud, which is different.

[Emisora del Palacio] The chronicles say that your answer revealed that you did not listen to the speech in which he mentioned what happened during the past 30 years.

[Lacalle] Who said that?

[Emisora del Palacio] I have here in my hands the issue of LA HORA POPULAR in which Fidel Castro's speech is published.

[Lacalle] I have the text. I asked the Cuban delegation for it and I noticed that a minor correction was introduced into the speech. But there is a sentence—unless LA HORA POPULAR suppressed it—which says: "We are nothing." That is a totally nihilistic attitude and I disagreed with it when it referred to Uruguay. I do not have the right to tell Cuba to do this or that. I said to him that I did not accept that nothing had changed in 30 years because in Uruguay we had guerrillas—I did not tell him that, but we all know the consequences of their activities just as we know the consequences of the preachings of a man like him who made an entire generation believe that their country could be fixed with bullets and bombs. Then we had the military government and the democratic government. We only used the weapons of free opinion and tolerance. These weapons, as I understand it, are the weapons Uruguayans use the most.

[Emisora del Palacio] We understand that Castro was apparently not referring to the past 30 years.

[Lacalle] He used the word, without a doubt, and I can hear well despite my 50 years of age. The sentence is not mentioned in the publication. Let us just say that I heard 30 or a word with a similar sound.

[Emisora del Palacio] I think he used the word further down when talking about something else.

[Lacalle] Well, I will make my deduction and LA HORA POPULAR will make its deduction. Everyone in Uruguay knows who is who. We should leave it to the people to say who is closer to the truth. I am not accustomed to telling lies. [passage omitted]

Polish Foreign Minister Visiting Montevideo

LD0208121591 Warsaw PAP in English 0843 GMT 2 Aug 91

[Text] Montevideo, Aug. 2—Polish Foreign Minister Krzysztof Skubiszewski has been here since Thursday night, paying a five-day official visit to Uruguay as part of his trip to South American countries to strengthen Poland's ties with this region, AFP reported.

The minister is to sign several agreements with the Uruguayan Government, prepared by experts of Polish and Uruguayan ministries of finance and foreign economic relations.

Skubiszewski, to be received by Uruguayan President Luis Lacalle Friday, will also hold two rounds of talks with Uruguayan Foreign Minister Hector Gros Espiell.

Venezuela

* Finance Minister Outlines 1992 Budget Plan

91SM0407A Caracas EL UNIVERSAL in Spanish Sec 1, 21 Jun 91 p 14

[Text] Minister of Finance Roberto Pocaterra has presented the proposed budget and National Annual Operating Plan for next year to the Chamber of Deputies.

In his address, Pocaterra expressed concern over the budget's dependency on oil and noted that Congress has before it a number of bills whose purpose it is to collect new funds. He specifically referred to the Value Added Tax (TVA) and the proposed income tax reform, "both of which we deem fundamental if we are to achieve greater stability and continue to take in the resources required to meet the nation's needs."

As for the consolidated public sector, the minister believes an estimated 566,348,000,000 bolivars, or 15.6 percent of the gross domestic product, will be saved.

As far as the public sector's finances are concerned, he said they will show a surplus of over 34 billion bolivars, amounting to 1 percent of the gross domestic product.

The proposed budget totals an estimated 798,169,000,000 bolivars, "less than real cash prices anticipated for 1991."

For so-called "social" programs (free food and milk in the schools, school uniforms and supplies, the Mother and Child Program, among others), the total is 82,995,000,000 bolivars.

Turning to the budget policy for the public sector, he listed the objectives he hopes will be achieved: reducing both foreign and domestic macroeconomic imbalances; achieving economic growth rates in keeping with financial and price stability; structural changes in the production apparatus in order to be able to compete internationally; and greater public savings.

Direct investments total an estimated 575,946,000,000 bolivars, or 16 percent of the estimated gross domestic product for 1992. "Such investments, along with what we hope the private sector will realize, will contribute to the growth of the gross domestic product."

The Venezuelan Oil Company (Petroven) intends to invest some 210 billion bolivars.

The agricultural sector is scheduled to receive allocations totaling 61.55 billion bolivars, to be used by the Autonomous Farm Roads Department to maintain and develop farm roads, as well as for technological developments in agriculture. In addition, work will continue on construction of the Yacambu-Quibor system, the Falcon system, and the Diluvio Dam in Maracaibo.

With respect to the credit policy applied to the public sector, through so-called program laws, the proposed budget incorporates allocations for the Agricultural Credit Fund and the Agricultural and Fishing Credit Institute amounting to 7,727,000,000 bolivars.

International reserves next year will amount to an estimated $14 billion, compared with $11,648,000,000 for 1990 and an estimated $13 billion for this year.

It is estimated that nontraditional export revenue will exceed $4 billion.

Contributions from foreign credits will amount to 569,535,000,000 bolivars, an estimate which, compared with that of the year immediately preceding, represents an increase of 2.2 percent.

The balance of payments for the public sector for 1992 estimates a surplus of some $7,512,000,000, which will help generate an overall surplus for the economy.

The budget plans to cancel $2.86 billion in interest on the public debt, which will impact the public sector's bill for services, which is expected to show a deficit of $2,356,000,000.

Fiscal revenue in in 1992 is expected to total 798,169,000,000 bolivars, including regular income of 670,377,000,000 bolivars, equivalent to 84 percent of the estimated total, and some 127,792,000,000 bolivars from special income, or 16 percent.

Pocaterra noted that estimated revenue does not include calculations relating to the Income Tax Reform Law now before Congress.

He announced that the new tariff rates will be applied in figuring customs duties, whose maximum rate will be reduced from 40 to 30 percent starting in March of next year.

He emphasized that the National Executive will continue its policy of privatizing public enterprises and authorize prices and rates ensuring that the subsector will not only cover its costs, but also generate the necessary savings to finance investment plans.

Oil revenue will reportedly total 23,285,000,000 bolivars less than had been estimated for this year, "partly due to the fact that next year will not see the financial effect produced by the Persian Gulf crisis on the world oil market."

Oil revenue was calculated based on a price of $19 a barrel and production equivalent to 2,347,000 barrels a day, "with said production reflecting a drop of 57,000 barrels a day from 1991. Oil exports were expected to total 1.95 million barrels a day."

The amount of fiscal income from iron was expected to total 1,305,000,000 bolivars, 780 million more than the amount budgeted for the current year.

Growth of 6 percent in the gross domestic product is estimated.

Special revenue will total an estimated 127,792,000,000 bolivars, and the main sources of financing, in millions of bolivars, are as follows:

Sale of assets: 42,644,300,000 from the privatization of enterprises and the sale of other assets to be conducted by the Ministry of Finance; reintegration of public enterprises: 16 billion bolivars; program laws: 47,051,400,000; and uncommitted Treasury reserves: 2,062,000,000 bolivars.

The finance minister expressed his concern over legal and contractual rigidity which, from the standpoint of its contents, continues to be reflected by budgeted spending and which steadily reduces the Central Government's ability to perform duties entrusted to it by the constitution and the law: meeting the people's needs, such as personal security, and handling the normal growth in services provided by the Central Administration, particularly health and education, whose financing is limited.

The following distribution is proposed: social sectors: 279,599,000,000, or 34.4 percent; productive sectors: 94,667,000,000, or 12 percent; general government services, including spending on security and defense: 75,031,000,000, or 9.4 percent; budgetary credits not allocated on a sectorial basis: 353,862,000,000 bolivars, where the most significant items are service on the public debt, that which is allocated by the constitution, and what is given to the Venezuelan Investment Fund; 96.3 percent of all social spending for education, health, housing, social development and participation.

As previously stated, productive sectors are allocated the sum of 94,677,000,000 bolivars. This sector includes program laws expected to be implemented in 1992 such as the following: promotion, mobilization, and modernization of the scientific sector (1,652,800,000); overall tourist credit program (1.65 billion); Phase 2 of the Forestry Development Program (1,418,500,000); the Barrios Improvement Program (PROMUEBA) (687 million); the Asil Agricultural Sector (15.5 billion); support for small producers (180 million); fiscal reform (569.3 million); Agricultural Technological Development Program, Phase III (600 million); Central Region Drinking Water Program (3,958,000,000); Valencia Lake Drainage Plan (272.9 million); Overall Agricultural Credit Program (920 million bolivars); Overall Lake Maracaibo Basin Drainage (688 million); Highway, Freeway, Expressway, and Rural Road Repair Law (13,961,200,000), the Caracas Underground Railway Partial Reform Program Law (5,936,200,000), and the as-yet uncompleted portion of the Special Investment Plan, amounting to 10,202,100,000 bolivars.

Pocaterra concluded by expressing the concern "which we in government feel in the face of the nation's ever more urgent need to diversify and expand its range of sources of fiscal income other than oil in order to finance administration of the public sector."

* Cordiplan Issues Jan-May Economic Statistics

91SM0407B Caracas EL UNIVERSAL in Spanish Sec 2, 21 Jun 91 p 1

[Article by Fanny Perez V.]

[Text] Treasury reserves have been dwinding all year long as a result of the increase in government spending and the drop in revenue. Open unemployment has risen 11 percent. The trade balance showed a surplus during the first quarter, although export income dropped and imports are increasing month after month. Management of the PDVSA [Venezuelan Petroleum, Inc.] showed a surplus at the end of the first quarter, with revenue of some 167 billion and expenditures of 114 billion.

The overall balance of the Central Government's fiscal administration for the first quarter of 1991 showed a deficit of 34,077,000,000 bolivars, meaning that the government spent more than it took in.

Monthly Inflation Rate (Monthly Averages)

May 1990	2.5
June 1990	2.75
July 1990	4.0
August 1990	3.25
September 1990	1.5
October 1990	2.5
November 1990	2.75
December 1990	3.5
January 1991	2.25
February 1991	1.75
March 1991	1.75
April 1991	2.75
May 1991	2.5

Situation on Job Market (percentage)

1st quarter 1990	12.0
2d quarter	10.8
3d quarter	10.3
4th quarter	10.0
1st quarter 1991	11.0

This deficit in the government's administration in 1991, according to official Cordiplan [Office of Coordination and Planning] figures in its latest bulletin, has been steadily increasing. There was no deficit in January, but rather, a moderate surplus of 3,705,000,000 bolivars. In February, the first fiscal imbalance occurred with a negative result of 13,063,000,000 bolivars, which deficit had risen sharply by March, to 34,077,000,000 bolivars.

This is a very important indicator for ascertaining how much control the government exercises over the level of public spending, which, as one can see, has suffered an

appreciable increase, while revenue has dropped considerably. This figure is also of great interest in order to determine the future impact which such a deficit might have on the rate of exchange (exchange parity of our currency compared with the dollar), inasmuch as there is an unequivocal relationship between the fiscal deficits of the government and devaluations. Likewise, such devaluations have a direct effect on the level of inflation, inasmuch as a large proportion of our imports are made in terms of such foreign exchange and a depreciation in the bolivar/dollar ratio increases the price of our purchases abroad.

The result of public management of the consolidated sector, which includes the PDVSA, ended with a deficit of 1,703,000,000 bolivars. This is due to the drop in overall revenue from oil exports caused by the fact that the average price fell from $19 a barrel to below $15 during the first quarter of this year. The country's total income during this period totaled 229.15 billion bolivars, while expenditures totaled 230,853,000,000, whence the deficit of 1,703,000,000 bolivars. The Central Bank has predicted that 1991 will end with a slight deficit or, at best, a balanced budget, meaning that revenue will equal spending.

Such a fiscal imbalance has led the National Executive to propose the implementation of tax reform so as to obtain domestic revenue to cover the uncertainties of the oil market.

Continuing with the circumstantial bulletin published by Cordiplan, we see that the rate of exchange during the month of May was stable, given "a moderate balance between the supply and demand for foreign exchange, the average being 55.17 bolivars per dollar on 29 May. Despite that fact, over the past 12 months, from May 1990 to May 1991, the bolivar/dollar parity went from 45 to 55, a devaluation of 20 percent.

Rate of Exchange (Bolivars/Dollar)	
May 1990	46.0
June 1990	48.0
July 1990	49.5
August 1990	49.0
September 1990	48.5
October 1990	49.0
November 1990	50.0
December 1990	50.5
January 1991	51.0
February 1991	53.5
March 1991	54.0
April 1991	54.5
May 1991	55.0

Price trends registered an increase of 2.4 percent in May, down from April's 2.8 percent. The price variation from January to May of 1991 was 11.4 percent, a rate similar to that of the same period of the previous year, when it was 11.7 percent.

The country's international reserves have shown a sustained increase over the first five months of the year, a phenomenon which Cordiplan interprets as a sign that "monetary and financial policies are consistent with the strategic of economic growth." At the end of May, reserves totaled $12,089,000,000, while operations totaled $7.86 billion.

Total reserves in May were slightly under the balance of the preceding months, however, when they fell within a range of $12.1 billion and $12,267,000,000 for February, March, and April.

Dip in Treasury Reserves

Treasury reserves during the first quarter suffered a sustained decline or decrease, dropping from 86,152,000,000 in January to 73,089,000,000 by the end of February and 39,012,000,000 in March.

Management of the Treasury is related to the amortization of government spending. Consequently, when spending outstrips income, as we saw in the previous paragraph in speaking about the deficit, Treasury reserves obviously tend to dwindle. The latter rose at the end of 1990 as a result of special revenue generated by the increase in oil prices due to the conflict in the Persian Gulf. Reserves, which in August 1990 totaled 26 billion bolivars, rose to 82 billion in December of that same year.

Petroven operations during the first quarter of 1991 produced a surplus of 52,929,000,000 bolivars, with spending totaling 114,563,000,000 and revenue 167,492,000,000.

Increase in Unemployment: 11 Percent

According to that same bulletin, unemployment in the country rose to 11 percent during the first quarter, compared with 9.9 percent at the end of 1990. Cordiplan believes the phenomenon can be attributed to the usual drop in employment during the early quarters of every year and the effect of the Labor Law on the job-creating potential of industry and likely wage increases. However, there appears to be an inconsistency that while this same organization reported an 8-percent increase in the economy so far this year, there is at the same time less demand for labor.

The report shows the total value of the country's production during the first three months of the year, which registered a substantial increase, mainly due to growth in agricultural production.

Petrochemistry and electricity recorded a drop, while iron and aluminum maintained their growth. Cement production also showed a decline, but it was the result of a drop in exports while domestic consumption is tending to recover. Production of heavy nails dropped. Exports are falling and internal consumption is increasing.

Surplus Commercial Balance

The trade balance, which reflects the ratio between income from oil, nonoil, and iron exports and spending on imports, which did not reflect a deficit even though exports have steadily dropped in terms of revenue and purchases abroad have risen.

The balance in March was $865 million, compared with $427 million in February and $570 million in March. Revenue from oil, nonoil, and iron exports was as follows (in millions of dollars):

	Oil	Nonoil	Iron
January	1,311	209	20
February	967	175	15
March	1,151	261	8

Imports during the same period of time yielded the following results:

January	675
February	730
March	850

Central Bank Financing Exports to Cuba Denied

PA0108162891 Hamburg DPA in Spanish 1647 GMT 1 Aug 91

[Text] Caracas, 31 Jul (DPA)—Today, a source for the Association of Venezuelan Exporters [AVEX] repudiated press reports which indicate that Venezuela has financed Cuba's economy through the export of goods worth more than $200 million disbursed by the Central Bank of Venezuela.

"Venezuela's credit lines with President Fidel Castro's government are similar to those with other area countries," Humberto Mazei of AVEX told the press today.

According to press reports yesterday, all exports by Venezuelan corporations to Cuba, which now reach more than $200 million, are paid for by the Central Bank.

Mazei, who said the reports are "absurd," added: "I understand that loans to Cuba are suspended." According to him, the Venezuelan Export Fund handles a budget of approximately $250 million for loans for the region.

According to the latest official AVEX figures, however, Cuba might have imported Venezuelan products for approximately $30 million.

Guyana

Hoyte Faces Possible Challenge From Green

FL0108141191 Bridgetown CANA in English 1333 GMT 1 Aug 91

[Text] Georgetown, Guyana, Aug 1, CANA—Guyana's ruling People's National Congress (PNC) was opening a four-day delegates conference late Thursday, with President Desmond Hoyte facing a possible leadership challenge from Prime Minister Hamilton Green, the deputy leader of the party.

Sources close to the PNC said Green, who announced two weeks ago he was considering challenging Hoyte for the party leadership, had been formally nominated, and only had to submit a formal letter of acceptance to the party.

The Congress, highest decision-making body of the party, takes places ahead of a general election expected in the final quarter of the year, in which the PNC faces the biggest electoral challenge of its 27 years in power.

Green, whose ministerial responsibilities were significantly reduced in a recent restructuring of the government, enjoys wide popularity among the PNC rank and file, party insiders said. Green, director of the Congress, is scheduled to speak at the opening session of the conference, to be attended by 2,400 delegates. President Desmond Hoyte is scheduled to speak on Friday.

The Congress ends Sunday with a march climaxing with a rally at Revolution Square in Georgetown, at which Hoyte will be the main speaker.

Green Declines Nomination, Urges PNC Unity

FL0108235891 Bridgetown CANA in English 2155 GMT 1 Aug 91

[Text] Georgetown, Guyana, Aug 1, CANA—Prime Minister Hamilton Green, ending speculation he may challenge President Desmond Hoyte for leadership of the People's National Congress (PNC), on Thursday urged delegates to the PNC ninth biennial congress to back Hoyte.

"Success will not attend our efforts if, as a result of this congress, we do not leave here with a clear and unambiguous resolve internalised in the minds of each of us that represents a clear indication of the party's strength, and of the fact that it has solidified itself behind one leader," Green said.

At the usual morning business session of the four-day congress, the 56-year-old Green embraced Hoyte shortly after proclaiming "forward" with one leader. The leader and the party to victory. Long live the leader."

There was speculation of an unprecedented leadership challenge in the PNC, in a critical election year, after Green appeared to leave room for his candidacy for PNC leadership. He had told a news conference he would make a decision on candidacy at the appropriate time.

Analysts here say whatever may have been Green's intention could have been changed in "fence-mending" with Hoyte. Green has been Hoyte's deputy in the party and government following the death of former President Forbes Burnham in 1985. Speculation that Green, popular with the party's rank and file, is anxious to replace Hoyte has been fuelled by recent rumours that Hoyte

may identify an East Indian for the post of prime minister to attract more voters in that ethnic group at elections due by yearend.

In his address Thursday, Green quoted from a speech by Hoyte June 22: " All that I ask you my fellow Guyanese is that you close your ranks in amity and solidarity and unreservedly commit yourselves with goodwill, good humour, and absolute honesty to the work that has to be done so that we can all speed our way towards our manifest destiny and keep our rendezvous with prosperity."

Green urged that: "As we begin our deliberations, the members of congress here must understand the need for us to go forward as a united team, and therefore I wish to associate myself completely with the sentiments expressed (by Hoyte in June)."

Hoyte is to address delegates at the Friday morning session of the congress. A source close to the party said Hoyte's address will focus on unity. Election of the party executive will be held Saturday afternoon and the results are expected to be declared Sunday morning. Hoyte will deliver a charge to the congress Sunday before addressing a public rally Sunday evening in Georgetown.

Elections Chairman Comments on Foreign Observers

FL2707135791 Bridgetown CANA in English 2141 GMT 26 Jul 91

[Text] Georgetown, Guyana, July 26, CANA—Guyana Elections Commission Chairman Rudy Collins says that he personnally feels that international observers should not have been invited to monitor the country's elections.

Collins made the comments Friday morning when he hosted his first press conference since assuming office less than three months ago.

"I have a serious difficulty in having to depend on any teams from outside, be it from the Commonwealth, or the Carter Centre of Emory University, however well intentioned," Collins said explaining that he was speaking in his personal capacity. He said that he has great difficulty "in having my electoral process declared free and fair by them and only by them. In other words, until they do that, it is not so," Collins said.

The chairman said that the whole business of international observers is now part of the "whole lexicon" which is floating around, but said that they are unfortunately associated with certain countries which are "almost pariahs." He named Haiti, Panama, Nicaragua, and Namibia as some of these countries.

"Therefore, it takes on a different kind on connotation right away, which upsets me, particularly in Guyana," Collins said.

"I recognise their value and given the context of Guyana, it is perhaps inevitable that we should have them for elections, but my personal view is not to have them in the first place," he said.

He said, though, that the commission is prepared to give observers whatever assistance it can in getting their work done. Opposition parties charge that the government has kept itself in power for more than two decades through electoral malpractices.